

**43 CFR GROUP 3200 –  
- GEOTHERMAL RESOURCES - CURRENT AS OF 10-01-2002  
-- Entire Group 3200 Regulations –**

**TITLE 43--PUBLIC LANDS: INTERIOR**

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Acquired lands means lands or mineral estates that the United States obtained by deed through purchase, gift, condemnation or other legal process.

Act means the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001 et seq.).

Additional term means the period of years beyond the primary and any extended term of a producing lease granted when geothermal resources are produced or utilized in commercial quantities within the primary term or extended term. The additional term may not exceed 40 years beyond the end of the primary term, even if BLM grants later extensions.

Byproducts are minerals (exclusive of oil, hydrocarbon gas, and helium) which are found in solution or in association with geothermal steam, and which no person would extract and produce by themselves because they are worth less than 75 percent of the value of the geothermal steam or because extraction and production would be too difficult.

Casual use means activities that ordinarily lead to no significant disturbance of Federal lands, resources, or improvements.

Commercial operation means delivering Federal geothermal resources, or electricity or other benefits derived from those resources, for sale. This term also includes delivering resources to the utilization point, if you are utilizing Federal geothermal resources for your own benefit and not selling energy to another entity.

Commercial quantities means either:

- (1) For production from a lease, a sufficient volume (in terms of flow and temperature) of the resource to provide a reasonable return after you meet all costs of production; or
- (2) For production from a unit, a sufficient volume of the resource to provide a reasonable return after you meet all costs of drilling and production.

Commercial Use Permit means BLM authorization for commercially operating a utilization facility and/or utilizing Federal geothermal resources.

Cooperative agreement means an agreement to produce and utilize separately-owned interests in the geothermal resources together as a whole, where the individual interests cannot be independently operated.

**Development contract** means a BLM-approved agreement between one or more lessees and one or more entities which makes resource exploration more efficient and protects the public interest.

**Exploration operations** means any activity relating to the search for evidence of geothermal resources, where you are physically present on the land and your activities may cause damage to those lands.

**Exploration operations** include, but are not limited to, geophysical operations, drilling temperature gradient wells, drilling holes used for explosive charges for seismic exploration, core drilling or any other drilling method, provided the well is not used for geothermal resource production. It also includes related construction of roads and trails, and cross-country transit by vehicles over public land. Exploration operations do not include the direct testing of geothermal resources or the production or utilization of geothermal resources.

**Extended term** means an initial, and any successive, 5-year period beyond the primary term of a lease during which BLM will grant the lessee the right to continue activities under the existing lease.

**Facility Construction Permit** means BLM permission to build and test a utilization facility.

**Facility operator** means the person receiving BLM authorization to site, construct, test and/or operate a utilization facility. A facility operator may be a lessee, a unit operator, or a third party.

**Geothermal Drilling Permit** means BLM permission to drill for and test Federal geothermal resources.

**Geothermal Exploration Permit** means BLM permission to conduct only geothermal exploration operations and associated surface disturbance activities.

**Geothermal Resources Operational Order** means a formal, numbered order, issued by BLM that implements or enforces the regulations in this part.

**Geothermal steam and associated geothermal resources** are products of geothermal steam or hot water and hot brines, including those resulting from water, gas, or other fluids artificially introduced into geothermal formations; heat or other associated energy found in geothermal formations; and associated byproducts.

**Interest** means ownership in a lease of all or a portion of the record title or operating rights.

**Known geothermal resource area (KGRA)** means an area where BLM determines that persons knowledgeable in geothermal development would spend money to develop geothermal resources.

**Lessee** means a person holding record title interest in a geothermal lease issued by the BLM.

**MMS** means the Minerals Management Service of the Department of the Interior.

**Notice to Lessees (NTL)** means a written notice issued by BLM that implements the regulations in this part or geothermal resource operational orders, and provides more specific instructions on

geothermal issues within a state, district or resource area. Notices to Lessees may be obtained by contacting the BLM state office which issued the NTL.

Operating rights (working interest) means any interest held in a lease with the right to explore for, develop, and produce leased substances.

Operating rights owner means a person who holds operating rights in a lease. A lessee is an operating rights owners if he/she did not transfer all of his/her operating rights. An operator may or may not own operating rights.

Operations Plan, or plan of operations, means a plan which fully describes the location of proposed drill pad, access roads and other facilities related to the drilling and testing of Federal geothermal resources, and includes measures for environmental and other resources protection and mitigation.

Operator means any person who has taken formal responsibility for the operations conducted on the leased lands. Pay instead of produce in commercial quantities means payment in lieu of commercial quantities production, as used in section 6(g)(1)(A) of the Act.

Person means an individual, firm, corporation, association, partnership, trust, municipality, consortium or joint venture.

Primary term means the first 10 years of a lease, not including any periods of suspension.

Produced or utilized in commercial quantities means a well producing geothermal resources in commercial quantities, or the completion of a well capable of producing geothermal resources in commercial quantities when BLM determines the lessee is diligently attempting to utilize the geothermal resources.

Public lands means the general public domain lands or minerals, and acquired lands or minerals, that the United States may lease for geothermal resources.

Record title means legal ownership of a geothermal lease established in BLM's records.

Relinquishment means the lessee's action to voluntarily end the lease in whole or in part.

Secretary means the Secretary of the Interior or the Secretary's delegate.

Site license means BLM authorization to site a utilization facility on leased Federal lands.

Stipulation means additional conditions BLM attaches to a lease or permit.

Sublease means the lessee's conveyance of its interests in a lease to an operating rights owner. A sublessee is

responsible for complying with all terms, conditions and stipulations of the lease.

Subsequent well operations are those operations done to a well after it has been drilled. Examples of subsequent well operations include: cleaning the well out, surveying it, performing well tests, chemical stimulation, running a liner or another casing string, repairing existing casing, or converting the well from a producer to an injector or vice versa.

Sundry notice is your written request to perform work not covered by another type of permit, or to change operations in your previously approved permit.

Surface management agency means any Federal agency, other than BLM, which is responsible for managing the surface overlying Federally-owned minerals.

Temperature gradient well means a well authorized under a geothermal exploration permit drilled in order to obtain information on the change in temperature over the depth of the well.

Transfer means any conveyance of an interest in a lease by assignment, sublease or otherwise. Unit agreement means an agreement to explore for, produce and utilize separately owned interests in geothermal resources as a single consolidated unit. A unit agreement defines how costs and benefits will be allocated among the holders of interest in the unit area.

Unit area means all tracts committed to an approved unit agreement.

Unit operator means the person who has stated in writing to BLM that the interest owners of the committed leases have designated it as operator of the unit area.

Unitized substances means geothermal resources recovered from lands committed to a unit agreement.

Utilization Plan, or plan of utilization, means a plan which fully describes the utilization facility, including measures for environmental protection and mitigation.

Waste means:

- (1) Physical waste, including refuse; and/or
- (2) Improper use or unnecessary dissipation of geothermal resources through inefficient drilling, production, transmission, or utilization.

## **Sec. 3200.2 Information collection.**

(a) The Office of Management and Budget approved the information collection contained in this part under 44 U.S.C. 3501 et seq., and assigned clearance numbers 1004-0034, 1004-0074, 1004-0132 and 1004- 0160. BLM will use this information to maintain an orderly program for leasing, development and production of Federal geothermal resources, to evaluate technical feasibility and environmental impacts of geothermal operations on Federal and Indian lands, and to determine whether exploration expenditures meet the requirements for diligence credit under 43 CFR 3210.14. The public must respond to the requests for information in order to obtain a benefit.

(b) Public reporting burden for this information is estimated to average 1.6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimates or any other aspects of this collection of information, including suggestions for reducing the burden, to Administrative Record, Bureau of Land

Management, Room 401 LS, 1849 C Street, NW., Washington, DC 20240; and the Paperwork Reduction Project (1004-0160), Office of Management and Budget, Washington, DC 20503.

### **Sec. 3200.3 Changes in agency duties.**

There are many leases and agreements currently in effect, and which will remain in effect, involving Federal geothermal resources leases that specifically refer to the United States Geological Survey, USGS, Minerals Management Service, MMS, or Conservation Division. These leases and agreements may also specifically refer to various officers such as Supervisor, Conservation Manager, Deputy Conservation Manager, Minerals Manager, and Deputy Minerals Manager. Those references must now be read to mean either the Bureau of Land Management or the Minerals Management Service, as appropriate. In addition, many leases and agreements specifically refer to 30 CFR part 270 or a specific section of that part. Effective December 3, 1982, references in such leases and agreements to 30 CFR part 270 should be read as references to this part 3200, which is the successor regulation to 30 CFR part 270.

### **Sec. 3200.4 What requirements must I comply with when taking any actions or conducting any operations under this part?**

When you are taking any actions or conducting any operations under this part, you must comply with:

- (a) The Act and the regulations of this part;
- (b) Geothermal resource operational orders;
- (c) Notices to lessees;
- (d) Lease terms and stipulations;
- (e) Approved plans and permits;
- (f) Conditions of approval;
- (g) Verbal orders from BLM which will be confirmed in writing;
- (h) Other instructions from BLM; and
- (i) Any other applicable laws and regulations.

### **Sec. 3200.5 What are my rights of appeal?**

- (a) If you are adversely affected by a BLM decision under this part, you may appeal that decision under parts 4 and 1840 of this title.
- (b) All BLM decisions or approvals under this part are immediately effective and remain in effect while appeals are pending unless a stay is granted in accordance with 43 CFR 4.21(b).

## **Subpart 3201 -- Available Lands**

### **Sec. 3201.10 What lands are available for geothermal leasing?**

### **Sec. 3201.11 What lands are not available for geothermal leasing?**

#### **Sec. 3201.10 What lands are available for geothermal leasing?**

(a) BLM may issue leases on:

(1) Lands administered by the Department of the Interior, including public, withdrawn and acquired lands;

(2) Lands administered by the Department of Agriculture with its concurrence;

(3) Lands conveyed by the United States where the geothermal resources were reserved to the United States; and

(4) Lands subject to section 24 of the Federal Power Act, as amended (16 U.S.C. 818), with concurrence from the Secretary of Energy.

(b) If your activities under your lease or permit might adversely affect a significant thermal feature of a National Park System unit, BLM will include stipulations to protect this thermal feature in your lease or permit. This includes when your lease or permit is issued, extended, renewed or modified.

#### **Sec. 3201.11 What lands are not available for geothermal leasing?**

BLM will not issue leases for:

(a) Lands where the Secretary has determined that issuing the lease would cause unnecessary or undue degradation to public lands and resources;

(b) Lands contained within a unit of the National Park System, or are otherwise administered by the National Park Service;

(c) Lands within a National Recreation Area;

(d) Lands where the Secretary determines after notice and comment that geothermal operations, including exploration, development or utilization of lands, are reasonably likely to result in a significant adverse effect on a significant thermal feature within a unit of the National Park System;

(e) Fish hatcheries or wildlife management areas administered by the Secretary;

(f) Indian trust or restricted lands within or outside the boundaries of Indian reservations;

(g) The Island Park Geothermal Area; and

(h) Lands where section 43 of the Mineral Leasing Act (30 U.S.C. 226-3) prohibits geothermal leasing, including:

- (1) Wilderness areas or wilderness study areas administered by BLM or other surface management agencies;
- (2) Lands designated by Congress as wilderness study areas, except where the statute designating the study area specifically allows leasing to continue; and
- (3) Lands within areas allocated for wilderness or further planning in Executive Communication 1504, Ninety-Sixth Congress (House Document 96-119), unless such lands are allocated to uses other than wilderness by a land and resource management plan or are released to uses other than wilderness by an act of Congress.

### **Subpart 3202 -- Lessee Qualifications**

#### **Sec. 3202.10 Who may hold a geothermal lease?**

#### **Sec. 3202.11 Must I prove I am qualified to hold a lease when filing an offer to lease?**

#### **Sec. 3202.12 Are other persons allowed to act on my behalf to file an offer to lease?**

#### **Sec. 3202.13 What happens if the offeror dies before the lease is issued?**

#### **Sec. 3202.10 Who may hold a geothermal lease?**

You may hold a geothermal lease if you are:

- (a) A United States citizen who is at least 18 years old;
- (b) An association of United States citizens, including a partnership;
- (c) A corporation organized under the laws of the United States, any state or the District of Columbia; or
- (d) A domestic governmental unit.

#### **Sec. 3202.11 Must I prove I am qualified to hold a lease when filing an offer to lease?**

You do not need to submit proof that you are qualified to hold a lease under 43 CFR 3202.10 at the same time you submit an offer to lease, but BLM may ask you for information about your qualifications at any time. If BLM requests additional information, you have 30 days from when you receive the request to submit the information.

#### **Sec. 3202.12 Are other persons allowed to act on my behalf to file an offer to lease?**

Another person may act on your behalf to file an offer to lease. The person acting for you must be qualified to hold a lease under 43 CFR 3202.10, and must do the following:

- (a) Sign the document;
- (b) State his or her title;

(c) Identify you as the person he or she is acting for; and

(d) Provide written proof of his or her qualifications and authority to take such action, if BLM requests it.

### **Sec. 3202.13 What happens if the offeror dies before the lease is issued?**

If the offeror dies before the lease is issued, BLM will issue the lease to either the administrator or executor of the estate or the heirs. If the heirs are minors, BLM will issue the lease to either a legal guardian or trustee, provided that the legal guardian or trustee is qualified to hold a lease under 43 CFR 3202.10.

### **Subpart 3203 -- Obtaining a Lease**

#### **Sec. 3203.10 How can I obtain a geothermal lease?**

#### **Sec. 3203.11 How is a KGRA determined?**

#### **Sec. 3203.10 How can I obtain a geothermal lease?**

(a) If the lands are located in a known geothermal resource area (KGRA), BLM leases those lands through a competitive sale. To obtain a lease, follow the procedures for submitting a bid set out in subpart 3205 of this part. BLM will issue a competitive lease to the person who submits the highest qualified bid.

(b) If the lands are located outside a KGRA, you may obtain a noncompetitive lease. Follow the procedures in subpart 3204 of this part. BLM issues noncompetitive leases to the first qualified offeror. BLM may issue a lease for a fractional interest if it serves the public interest.

#### **Sec. 3203.11 How is a KGRA determined?**

BLM determines the boundaries of a KGRA based on:

(a) Geologic and technical evidence. BLM will designate a KGRA if this evidence would cause a person who understands geothermal resource development to spend money developing the area;

(b) Proximity to wells capable of production in commercial quantities. BLM will designate a KGRA if the lands are:

(1) Within 5 miles of a well which is capable of producing steam in commercial quantities, or

(2) In the same geologic structure as a well capable of producing steam in commercial quantities; and

(c) Existence of competitive interest. A competitive interest exists where two or more people apply to lease some or all of the same lands for geothermal resources. BLM will not designate a KGRA based on competitive interest alone; we will also review the other factors discussed in this section to decide whether a KGRA designation is warranted.

## **Subpart 3204 -- Noncompetitive Leasing**

### **Sec. 3204.10 How do I file a lease offer?**

### **Sec. 3204.11 How do I describe the lands in my lease offer?**

### **Sec. 3204.12 What fees must I pay with my lease offer?**

### **Sec. 3204.13 May I combine acquired and public domain lands on the same lease offer?**

### **Sec. 3204.14 What is the largest and smallest lease I can apply for?**

### **Sec. 3204.15 What happens when two or more offerors apply for a noncompetitive lease for the same land?**

### **Sec. 3204.16 How does BLM determine the first qualified offeror?**

### **Sec. 3204.17 May I withdraw my lease offer?**

### **Sec. 3204.18 May I amend my lease offer?**

### **Sec. 3204.10 How do I file a lease offer?**

Submit two (2) executed copies of Form 3200-24 to BLM. At least one form must have an original signature. We will accept only exact copies of the form on one two-sided page. You must accurately describe the lands covered by your offer on the form or BLM may reject of all or part of your offer. To obtain this form (and other BLM forms), contact the nearest BLM Office.

### **Sec. 3204.11 How do I describe the lands in my lease offer?**

Describe the lands as follows:

- (a) For lands surveyed under the public land rectangular survey system, describe the lands by legal subdivision, section, township, and range;
- (b) For unsurveyed lands, describe the lands by metes and bounds, giving courses and distances, and tie this information to an official corner of the public land surveys, or to a prominent topographic feature;
- (c) For approved protracted surveys, include an entire section, township, and range. Do not divide protracted sections into aliquot parts;
- (d) For unsurveyed lands in Louisiana and Alaska that have water boundaries, discuss the description with BLM before submission; and
- (e) For fractional interest lands, identify the United States mineral ownership by percentage.

### **Sec. 3204.12 What fees must I pay with my lease offer?**

Submit a non-refundable filing fee of \$75 for each lease offer, and an advance rent in the amount of \$1 per acre (or fraction of an acre). BLM will refund the advance rent if we reject the lease offer, or if you withdraw the lease offer before BLM accepts it. If the advance rental payment you send is more than 10 percent below the correct amount, BLM will reject the lease offer.

### **Sec. 3204.13 May I combine acquired and public domain lands on the same lease offer?**

Yes, you may combine acquired and public domain lands on the same lease offer if you clearly identify both the acquired lands and the public domain lands.

#### **Sec. 3204.14 What is the largest and smallest lease I can apply for?**

Lease offers must cover all lands available for leasing in a section. The smallest lease you can apply for is 640 acres, or all lands available for leasing in the section, whichever is less. You may not apply for a lease which is larger than 2,560 acres, although BLM will make an exception to this requirement when your lease offer includes an irregular subdivision. Leases must not extend outside a 6 square mile area. If your offer does not meet these requirements, we will reject it.

#### **Sec. 3204.15 What happens when two or more offerors apply for a noncompetitive lease for the same land?**

BLM begins processing offers as soon as we receive them. If more than one person makes a lease offer for the same lands, BLM will give priority to the qualified offer which we received first. Once BLM approves a noncompetitive lease offer, we will reject any later offers received for the same land. However, if BLM receives additional offers for the same land while the original offer is still pending, BLM must determine if the overlapping offers warrant converting the land at issue to a KGRA:

(a) If BLM determines that the land should be considered a KGRA, then we reject all noncompetitive offers, and offerors must follow the competitive bidding procedures to lease the lands.

(b) If BLM determines that KGRA status is not warranted despite the multiple offers, then we will award the lease to the first qualified offeror.

#### **Sec. 3204.16 How does BLM determine the first qualified offeror?**

BLM determines the first qualified offeror based on when we received the offer and whether the offeror is qualified to hold a lease. We will issue a noncompetitive lease to the offeror who is first to file a lease offer that meets all the requirements.

#### **Sec. 3204.17 May I withdraw my lease offer?**

You may withdraw your lease offer in whole or in part before we issue you a lease. If you withdraw only part of your offer, the lands remaining must meet the acreage requirements of 43 CFR 3204.14. If a partial withdrawal causes your lease offer to contain less than the minimum acreage required under 43 CFR 3204.14, we will reject the lease offer.

#### **Sec. 3204.18 May I amend my lease offer?**

You may amend your lease offer before we issue the lease, provided your amended lease offer meets all the lease offer requirements in this subpart. BLM will determine your priority based on the date we receive your amended lease offer, not the date of the original lease offer.

### **Subpart 3205 -- Competitive Leasing**

**Sec. 3205.10 How does BLM lease lands competitively?**

**Sec. 3205.11 How do I get information about competitive lease terms and conditions?**

**Sec. 3205.12 How do I bid for a parcel?**

**Sec. 3205.13 What is the minimum acceptable bid?**

**Sec. 3205.14 How does BLM conduct the sale?**

**Sec. 3205.15 To whom does BLM issue the lease?**

**Sec. 3205.16 How will I know whether my bid is accepted?**

**Sec. 3205.10 How does BLM lease lands competitively?**

(a) We lease some Federal lands through competitive sales using sealed bids. Those lands which we lease competitively include lands from terminated, expired, or relinquished leases, and lands within a KGRA (see 43 CFR 3203.11). BLM may also use a competitive lease sale if there is public interest.

(b) BLM lists these parcels, with any stipulations, in a sale notice. This sale notice will tell you where and when to submit your bids. We will post the sale notice in appropriate BLM offices, and may take other measures such as:

(1) Publishing news releases;

(2) Notifying interested parties of the lease sale; (3) Publishing the notice in newspapers; or (4) Posting the list on the Internet.

**Sec. 3205.11 How do I get information about competitive lease terms and conditions?**

See our notice posted in the BLM office conducting the sale, and otherwise publicized as described in 43 CFR 3205.10. This notice will include the terms and conditions of the lease(s), including the rental and royalty rates, and will also tell you where you may obtain a form on which to submit your bid.

**Sec. 3205.12 How do I bid for a parcel?**

(a) Submit your bid during the time period and to the BLM office specified in the sale notice;

(b) Submit your bid on Form 3000-2 (or exact copy on one two-sided page);

(c) Submit your bid in a separate, sealed envelope for each full parcel;

(d) Include in each bid a certified or cashier's check, bank draft, or money order equal to one-fifth of the bid amount, payable to the "Department of the Interior, Bureau of Land Management;"

(e) Label each envelope with the parcel number and the statement "Not to be opened before (date posted in the sale notice);" and

(f) Be aware that unlawful combination or intimidation of bidders is prohibited by 18 U.S.C. 1860.

**Sec. 3205.13 What is the minimum acceptable bid?**

BLM will not accept bids which do not meet or exceed the fair market value, which BLM determines using generally acceptable appraisal methods. BLM determines the fair market value prior to the sale, but does not disclose it to the public.

**Sec. 3205.14 How does BLM conduct the sale?**

We will open, announce and record bids on the date, and at the place and time set out in the sale notice. We will not accept or reject any bid at that time. You do not need to attend the sale in order to bid.

**Sec. 3205.15 To whom does BLM issue the lease?**

We will issue the lease to the highest bidder who qualifies for a lease. All other bids are rejected. If we determine that the highest bid is too low, we will also reject that bid. BLM reserves the right to reject any and all bids.

**Sec. 3205.16 How will I know whether my bid is accepted?**

(a) If BLM accepts your bid, we will send you a notice informing you of our decision within 30 days after the sale. We will also include 3 copies of the lease. When you receive the notice and lease forms, you have 15 days in which to send BLM:

- (1) Signed lease forms;
- (2) The remaining four-fifths of the bonus bid;
- (3) The first year's advance rent; and
- (4) Signed stipulations, if applicable.

(b) If you do not meet the requirements of this section after we have accepted your bid, BLM will then revoke acceptance of your bid and keep one-fifth of your bonus bid.

(c) If BLM rejects your bid, we will send you a notice informing you of our decision. At that time, we will return the one-fifth of the bonus bid that you sent with your bid offer.

**Subpart 3206 -- Lease Issuance**

**Sec. 3206.10 What must I do for BLM to issue my lease?**

**Sec. 3206.11 What must BLM do before issuing my lease?**

**Sec. 3206.12 What is the maximum acreage I may hold?**

**Sec. 3206.13 How does BLM compute acreage holdings?**

**Sec. 3206.14 How will BLM charge acreage holdings if the United States owns only a fractional interest in the geothermal resources?**

**Sec. 3206.15 Is there any acreage which is not chargeable?**

**Sec. 3206.16 What will BLM do if my holdings exceed the maximum acreage limits?**

**Sec. 3206.17 What is the primary term of my lease?**

**Sec. 3206.18 When will BLM issue my lease?**

**Sec. 3206.10 What must I do for BLM to issue my lease?**

Before BLM issues you a lease, you must:

- (a) Accept all lease stipulations;
- (b) Sign a unit joinder or waiver, if applicable; and,
- (c) Not exceed the maximum limit on acreage holdings (see 43 CFR 3206.12).

**Sec. 3206.11 What must BLM do before issuing my lease?**

BLM must:

- (a) Determine that the land is available; and
- (b) Determine that your lease development will not significantly impact any significant thermal feature within any of the following units of the National Park System:
  - (1) Mount Rainier National Park;
  - (2) Crater Lake National Park;
  - (3) Yellowstone National Park;
  - (4) John D. Rockefeller, Jr. Memorial Parkway;
  - (5) Bering Land Bridge National Preserve;
  - (6) Gates of the Arctic National Park and Preserve;
  - (7) Katmai National Park;
  - (8) Aniakchak National Monument and Preserve;
  - (9) Wrangell-St. Elias National Park and Preserve;
  - (10) Lake Clark National Park and Preserve;
  - (11) Hot Springs National Park;
  - (12) Big Bend National Park (including that portion of the Rio Grande National Wild Scenic River within the boundaries of Big Bend National Park);
  - (13) Lassen Volcanic National Park;

(14) Hawaii Volcanoes National Park;

(15) Haleakala National Park;

(16) Lake Mead National Recreation Area; and

(17) Any other significant thermal features within National Park System Units which the Secretary may add to the list of these features, in accordance with 30 U.S.C. 1026(a)(3).

### **Sec. 3206.12 What is the maximum acreage I may hold?**

You may not directly or indirectly hold more than 51,200 acres in any one state. This includes any leases you acquire under sections 4(a)- 4(f) of the Act. You also may not convert mineral leases, permits, applications for permits, or mining claims acquired under the Act into geothermal leases totaling more than 10,240 acres.

### **Sec. 3206.13 How does BLM compute acreage holdings?**

BLM will compute acreage holdings as follows:

- (a) If you own an undivided lease interest, your acreage holdings will include the total lease acreage.
- (b) If you own stock in a corporation or a beneficial interest in an association which holds a geothermal lease, your acreage holdings will include your proportionate part of the corporation's or association's share of the total lease acreage. This paragraph applies only if you own more than 10 percent of the corporate stock or beneficial interest of the association.
- (c) If you own a lease interest, you will be charged with the proportionate share of the total lease acreage based on your share of the lease ownership. You will not be charged twice for the same acreage where you own both record title and operating rights for the lease. For example, if you own 50% record title interest in a 640 acre lease and 25% operating rights, you are charged with 320 acres.

### **Sec. 3206.14 How will BLM charge acreage holdings if the United States owns only a fractional interest in the geothermal resources?**

Where the United States owns only a fractional interest in the geothermal resources of the lands, BLM will only charge you with the part owned by the United States as acreage holdings. For example, if you own 100 percent of record title in a 100 acre lease, and the United States owns 50 percent of the mineral estate, you are charged with 50 acres.

### **Sec. 3206.15 Is there any acreage which is not chargeable?**

BLM does not count leased acreage included in any approved unit or cooperative agreement or development contract as part of your total acreage holdings.

### **Sec. 3206.16 What will BLM do if my holdings exceed the maximum acreage limits?**

BLM will notify you in writing if your acreage holdings exceed the limit in 43 CFR 3206.12. You have 90 days from the date you receive the notice to reduce your holdings to within the limit. If you do not comply, BLM will cancel your leases, beginning with the lease most recently issued, until your holdings are within the limit.

### **Sec. 3206.17 What is the primary term of my lease?**

Leases have a primary term of 10 years.

### **Sec. 3206.18 When will BLM issue my lease?**

BLM issues your lease the day we sign it. Your lease goes into effect the first day of the next month after the issue date.

### **Subpart 3207 -- Additional Lease Term**

#### **Sec. 3207.10 When may I get an additional lease term beyond the primary term?**

#### **Sec. 3207.11 May I renew my lease at the end of its additional term?**

#### **Sec. 3207.10 When may I get an additional lease term beyond the primary term?**

(a) If you produce or use geothermal resources in commercial quantities during the primary term, your lease will continue in additional term for as long as you produce or use geothermal resources in commercial quantities for up to forty years beyond the primary term. Section 3207.11 explains how to continue your lease beyond the additional term.

(b) If, before the primary or extended term ends, you have a well capable of producing geothermal resources in commercial quantities, BLM may continue your lease for up to forty years beyond the primary term. To continue your lease in an additional term, we must determine that you are diligently trying to begin production. We may ask you to describe in writing your efforts to begin production during the lease term, and the efforts you plan for future lease years. You should also describe negotiations for sales contracts, marketing arrangements, and electrical generating and transmission agreements, and any other information you believe shows diligent efforts.

#### **Sec. 3207.11 May I renew my lease at the end of its additional term?**

If BLM does not need the lands for another purpose at the end of the forty-year additional term, and if you are producing geothermal resources in commercial quantities, you will have a preferential right to renew the lease for an additional 40-year period under terms and conditions BLM determines. If your lease is located on lands administered by the Department of Agriculture, they must concur with the use of the surface and any terms and conditions before we may grant your renewal. If another Federal agency manages the surface, we will consult with them before granting your renewal.

### **Subpart 3208 -- Extending the Primary Lease Term**

#### **Sec. 3208.10 When may I extend my lease beyond the primary term? Sec. 3208.11 What must I do to have my lease extended?**

**Sec. 3208.12 What information must I give BLM to show that I have made bona fide efforts to produce or utilize geothermal resources in commercial quantities?**

**Sec. 3208.13 Will BLM extend my lease if I choose to pay instead of produce in commercial quantities?**

**Sec. 3208.14 What will BLM do if I choose to make significant expenditures?**

**Sec. 3208.15 What actions may I take which will count as significant expenditures?**

**Sec. 3208.16 During the extension, may I switch my choice to either pay instead of produce in commercial quantities or make significant expenditures?**

**Sec. 3208.17 If I begin production, do I get a credit for payments made instead of production in commercial quantities or significant expenditures?**

**Sec. 3208.10 When may I extend my lease beyond the primary term?**

(a) You have four opportunities to extend your lease beyond the primary term: by drilling, diligent efforts, production of byproducts, and unit commitment.

(1) For a drilling extension, we will extend your lease for five years if you:

(i) Are drilling when the primary term ends; and

(ii) Diligently drill to a reasonable target, based on the local geology and type of development you propose. BLM will determine if your target is adequate to extend the lease.

(2) For a diligent efforts extension, if you have not produced geothermal resources in commercial quantities before the primary or extended term ends, or before your lease is eliminated from a unit agreement, BLM may still approve up to two successive five-year extensions for your lease. You must have made a good faith effort to produce. To obtain a diligent efforts extension, follow the procedures at 43 CFR 3208.11(a)(2).

(3) For a byproducts extension, if your lease is in an additional term, and we determine that it can no longer produce commercial quantities, we may still extend your lease for five years. However, we will only do so if you are producing one or more valuable byproducts in commercial quantities. You should consult 43 CFR 3209.10 if you wish to convert your geothermal lease to a mineral lease for the byproduct.

(4) For a unit commitment extension, if your lease is committed to a unit agreement and its term would expire before the unit term would, BLM may extend your lease to match the term of the unit. We will do this if you have diligently pursued unit development while your lease is committed to the unit.

(b) During any extension period, if you use or produce geothermal resources in commercial quantities, or if you complete a well capable of producing geothermal resources in commercial quantities on the lease, BLM will place the lease into an additional term.

## **Sec. 3208.11 What must I do to have my lease extended?**

(a) You must take the following steps:

(1) For a drilling extension, notify BLM prior to the end of the primary term of your drilling activities so we may determine that you are diligently drilling beyond the end of the primary term and have met your well completion requirements.

(2) For a diligent efforts extension:

(i) Send BLM a written extension request at least 60 days before the primary or first extended term ends, or 60 days before your lease is eliminated from a unit agreement;

(ii) Include a report showing that you have made a good faith effort to produce or use geothermal resources in commercial quantities given the current economic conditions for marketing geothermal resources; and

(iii) Say whether you choose to pay instead of produce in commercial quantities under 43 CFR 3208.13 or to make significant expenditures under 43 CFR 3208.14 during the period of extension.

(3) For a byproducts extension, send us a request justifying an extension.

(4) For a unit commitment extension, send us a request at least 60 days before your lease ends which shows that you have diligently pursued unit development.

(b) Within 30 days after receiving your extension request, BLM will notify you whether we approve. BLM may request additional information from you.

## **Sec. 3208.12 What information must I give BLM to show that I have made bona fide efforts to produce or utilize geothermal resources in commercial quantities?**

Send us a report which describes:

(a) Your efforts to identify and define the geothermal resource on your lease which you are making now or which you made during the primary term of the lease;

(b) The results of your efforts to identify and define the geothermal resource;

(c) Other actions taken to support your efforts, such as obtaining permits, conducting environmental studies, and meeting permit requirements;

(d) Your efforts during the primary term and ongoing efforts to negotiate marketing arrangements, sales contracts, drilling agreements, financing for electrical generation and transmission projects, or other related actions; and,

(e) Current economic factors and conditions which affect your efforts to produce or utilize geothermal resources in commercial quantities on your lease.

**Sec. 3208.13 Will BLM extend my lease if I choose to pay instead of produce in commercial quantities?**

If you choose to pay instead of produce in commercial quantities under 43 CFR 3208.11(a)(2) and BLM approves the extension, we will modify the lease to require you to make an annual payment. We will specify the amount, which will not be less than \$3.00 per acre or fraction of an acre of the lands under lease during an initial extension, or \$6.00 per acre or fraction of an acre for a subsequent extension. The actual payment per acre is fixed for the period of the extension. If you request it, we will tell you the rate before you submit your petition for extension. You must make these payments to MMS at the same time you pay the lease rent. BLM may cancel your lease if you do not make these payments.

**Sec. 3208.14 What will BLM do if I choose to make significant expenditures?**

(a) If you choose to make significant expenditures under 43 CFR 3208.11(a)(2), and BLM approves the lease extension, we will modify your lease to require you to make annual expenditures of at least \$15.00 per acre or fraction of an acre for lands under lease during your first extension. You must make expenditures of \$18.00 per acre or fraction of an acre during any subsequent extension. If you spend more than the minimum required in a year, you may apply the excess toward the significant expenditures requirement in subsequent years of the same extension period.

(b) To give you credit for your significant expenditures, we must receive your report no later than 60 days after the end of the lease year in which you made the expenditures. Describe your operations by type, location, date(s) conducted, and amount spent on those operations. Include all geologic information obtained from your operations in your report.

(c) After we review your report, we will notify you in writing whether you have met the diligent expenditure requirement. We must approve the type of work done and the expenditures claimed in your report before we can credit them toward your diligent exploration requirements.

(d) We will cancel your lease if you fail to make the significant expenditures under a modified lease.

**Sec. 3208.15 What actions may I take which will count as significant expenditures? Significant expenditures only include:**

(a) Actual drilling operations on the lease;

(b) Geochemical or geophysical surveys for exploratory or development wells;

(c) Road or generating facility construction on the lease;

(d) Architectural or engineering services procured for the design of generating facilities located on the lease; and

(e) Environmental studies required by State or Federal law.

**Sec. 3208.16 During the extension, may I switch my choice to either pay instead of produce in commercial quantities or make significant expenditures?**

No, you may not make this change during an extension period. If you request a second extension, you may change your election for the second five year period when you submit your request.

**Sec. 3208.17 If I begin production, do I get a credit for payments made instead of production in commercial quantities or significant expenditures?**

No, if you begin production, you will not get a credit against royalties for either payments instead of production or significant expenditures made for that year.

**Subpart 3209 -- Conversion of Lease Producing Byproducts**

**Sec. 3209.10 May I convert my geothermal lease to a mineral lease?**

**Sec. 3209.11 May I convert my geothermal lease to a mining claim?**

**Sec. 3209.12 May BLM include additional terms and conditions to my converted lease?**

**Sec. 3209.13 How do I convert my geothermal lease to a mineral lease or a mining claim?**

**Sec. 3209.10 May I convert my geothermal lease to a mineral lease?**

You may convert your geothermal lease to a mineral lease, effective the first day of the month following the date BLM determines you have met the terms of conversion, if:

- (a) Your lease is in an extended term;
- (b) The byproducts you are producing in commercial quantities are leasable under the Mineral Leasing Act (30 U.S.C. 181 et seq.), or under the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-358); and
- (c) The lease is primarily valuable for the production of just that mineral.

**Sec. 3209.11 May I convert my geothermal lease to a mining claim?**

If the minerals are not leasable but are locatable and would be considered a byproduct if geothermal steam production were to continue, you are entitled to locate these minerals under the mining laws. To acquire these rights, you must complete the mining claim location within 90 days after the geothermal lease terminates. Also, there must have been no intervening location and the lands must be open to entry under the mining laws.

**Sec. 3209.12 May BLM include additional terms and conditions to my converted lease?**

If leases converted under either 43 CFR 3209.10 or 3209.11 affect lands withdrawn or acquired to aid some purpose of a Federal department or agency, including the Department of the Interior, BLM may include additional terms and conditions in your lease as prescribed by the appropriate agency.

**Sec. 3209.13 How do I convert my geothermal lease to a mineral lease or a mining claim?**

Just send us a request.

**Subpart 3210 -- Additional Lease Information**

**Sec. 3210.10 When does lease segregation occur?**

**Sec. 3210.11 Does a lease segregated from an agreement or plan receive any benefits from unitization of the committed portion of the original lease?**

**Sec. 3210.12 May I consolidate leases?**

**Sec. 3210.13 What is the diligent exploration requirement?**

**Sec. 3210.14 How do I meet the diligent exploration requirement?**

**Sec. 3210.15 Can I do something instead of performing diligent exploration?**

**Sec. 3210.16 What happens if I do not meet the diligent exploration requirement or pay the additional rent?**

**Sec. 3210.17 Can someone lease or locate other minerals on the same lands as my geothermal lease?**

**Sec. 3210.18 May BLM readjust the terms and conditions in my lease?**

**Sec. 3210.19 How will BLM readjust the terms and conditions in my lease?**

**Sec. 3210.20 May BLM readjust the rental and royalty rates in my lease?**

**Sec. 3210.21 What if I appeal BLM's decision to adjust my lease terms?**

**Sec. 3210.22 Must I prevent drainage of geothermal resources from my lease?**

**Sec. 3210.23 What will BLM do if I do not protect my lease from drainage?**

**Sec. 3210.10 When does lease segregation occur?**

(a) Lease segregation occurs when:

- (1) A portion of a lease is committed to a unit agreement while other portions are not committed; or
- (2) Only a portion of a lease is located in a participating area and the unit contracts. The portion of the lease outside the participating area would be eliminated from the unit agreement and segregated as of the effective date of the unit contraction.

(b) BLM will assign the original lease serial number to the portion within the plan or agreement. We will give the lease portion outside the plan or agreement a new serial number with the same lease terms as the original lease.

**Sec. 3210.11 Does a lease segregated from an agreement or plan receive any benefits from unitization of the committed portion of the original lease?**

The new segregated lease stands alone and does not receive any of the benefits provided to the portion committed to the unit. We will not give you an extension for the eliminated portion of the lease based on status of the lands committed to the unit, including production in commercial quantities or the existence of a producible well.

**Sec. 3210.12 May I consolidate leases?**

BLM may approve your consolidation of two or more adjacent leases that have the same ownership and same lease terms, including expiration dates, if the combined leases do not exceed 2,560 acres in size. We may consolidate leases that have different stipulations if all other lease terms are the same.

**Sec. 3210.13 What is the diligent exploration requirement?**

(a) During your lease's primary period, you must perform diligent exploration activities to yield new geologic information about the lease or related lands, until either:

- (1) Your approved expenditures on your lease total at least \$40 per acre, or
- (2) BLM places your lease in an additional term.

(b) You must begin diligent exploration by the sixth year of the primary term and continue until there is a well capable of production in commercial quantities. Some examples of activities that would qualify as diligent exploration are geochemical surveys, heat flow measurement, core drilling or drilling of test wells.

**Sec. 3210.14 How do I meet the diligent exploration requirement?**

(a) During the first five years of the primary term, you only need to pay your rents. If you make efforts during these first five years that would qualify as diligent exploration expenditures, and we approve them as such during those five years, we will count them toward the requirements of future years.

(b) To qualify as diligent exploration expenditures in lease years six through ten, you must make expenditures equal to the minimum amounts listed in the following table. We will apply approved expenditures which exceed the minimum in any one year to subsequent years.

Lease Expenditure	
Year per acre	
6.....	\$ 4
7.....	6
8.....	8
9.....	10
10.....	12

(c) To give you credit for your expenditures, we must receive your report no later than 60 days after the end of the lease year in which you made the expenditures. You must include the following information in your report:

- (1) The types of operations conducted;
- (2) The location of the operations;

- (3) When the operations occurred;
- (4) The amount of money spent conducting those operations; and
- (5) all geologic information obtained from your operations.

**Sec. 3210.15 Can I do something instead of performing diligent exploration?**

If you choose not to conduct diligent exploration, or if your total expenditures do not fully meet the requirement for any lease year, you may still meet the diligent exploration requirement for that year by paying an additional rent of \$3 per acre or fraction of an acre. If you choose this option, you must send your payment to MMS before the end of the lease year.

**Sec. 3210.16 What happens if I do not meet the diligent exploration requirement or pay the additional rent?**

BLM will cancel your lease.

**Sec. 3210.17 Can someone lease or locate other minerals on the same lands as my geothermal lease?**

Yes. The United States reserves the ownership of and the right to extract helium, oil and hydrocarbon gas from all geothermal steam and associated geothermal resources. In addition, BLM allows mineral leasing or location on the same lands that are leased for geothermal resources, provided that operations under the mineral leasing or mining laws do not unreasonably interfere with or endanger your geothermal operations.

**Sec. 3210.18 May BLM readjust the terms and conditions in my lease?**

Yes, we may readjust the terms and conditions of your lease regarding stipulations and surface disturbance requirements. We may do this 10 years after you begin production from your lease, and at not less than 10-year intervals thereafter. If another Federal agency manages the lands' surface, we will ask that agency to review the related terms and conditions and propose any readjustments. Once BLM and the surface managing agency reach agreement, we will apply the readjustments to your lease.

**Sec. 3210.19 How will BLM readjust the terms and conditions in my lease?**

(a) We will give you a written proposal to adjust the terms and conditions of your lease. You will have 30 days after you receive the proposal to object in writing to the new terms or relinquish your lease. If you do not do this, these new terms will become part of your lease. If you do object in writing, we will issue a final decision on the new terms and conditions.

(b) BLM will set the date that your new terms and conditions become effective.

## **Sec. 3210.20 May BLM readjust the rental and royalty rates in my lease?**

(a) We may readjust your lease rental and royalty rates at not less than 20-year intervals beginning 35 years after we determine that your lease is producing in commercial quantities. We will not increase your rental and royalty rates by more than 50 percent of what you paid before BLM adjusted the rate. Also, we will not raise the royalty rate above 22.5 percent.

(b) BLM will notify you in writing of the proposed adjustments. You have 30 days after the date you receive the notice to object to the new rate. If we do not receive your written objection within 30 days, the new rate will become a part of your lease. If you do object in writing, we will issue a final decision on the new rental and royalty rate.

(c) We will set the date that your new terms and conditions become effective.

## **Sec. 3210.21 What if I appeal BLM's decision to adjust my lease terms?**

If you appeal our decision to adjust your lease terms and conditions, rental or royalty rate, the decision is effective during the appeal. If you win your appeal and we must change our decision, you will receive a refund or credit for any overpaid rents or royalties.

## **Sec. 3210.22 Must I prevent drainage of geothermal resources from my lease?**

Yes, you must prevent the drainage of geothermal resources from your lease by diligently drilling and producing wells which will protect the Federal geothermal resource from loss caused by production from other properties.

## **Sec. 3210.23 What will BLM do if I do not protect my lease from drainage?**

We will determine the amount of geothermal resources drained from your lease. MMS will bill you for a compensatory royalty based on our findings. This royalty will equal the amount you would have paid for producing those resources. All interest owners in a lease are jointly and severally liable for drainage protection and any compensatory royalties.

## **Subpart 3211 -- Fees, Rent, and Royalties**

### **Sec. 3211.10 What are the filing fees, rent, and minimum royalties for leases?**

### **Sec. 3211.11 When is my annual rental payment due?**

### **Sec. 3211.12 How and where do I pay my rent?**

### **Sec. 3211.13 Is there a different rental or minimum royalty amount for a fractional interest lease?**

### **Sec. 3211.14 Will I always pay rent on my lease?**

### **Sec. 3211.15 Must I pay rent if my lease is committed to an approved cooperative or unit plan?**

### **Sec. 3211.16 What is the royalty rate for production from or attributable to my lease?**

### **Sec. 3211.17 When do I owe minimum royalty?**

## **Sec. 3211.10 What are the filing fees, rent, and minimum royalties for leases?**

(a) BLM calculates rents and minimum royalties based on the amount of acreage covered by your lease. First, round up any partial acreage to the next whole acre. For example, rent on a 2,456.39 acre lease is calculated based on 2,457 acres. Then multiply the total number of acres covered by your lease by the appropriate amount set out in the chart in paragraph (b) of this section to determine the amount you owe.

(b) Use the following table to determine the filing fees, rents and minimum royalties owed for your lease.

**Filing Fees, Rent, and Royalties**

Type	Competitive leases	Non-competitive leases
(1) Lease Filing Fee.....	N/A.....	\$75.00.
(2) Lease Rent.....	\$2.00 per acre.....	\$1.00 per acre.
(3) Lease Assignment Filing Fee.....	\$50.00.....	\$50.00.
(4) Steam, heat, or energy royalties.....	Between 10% and 15%.....	Between 10% and 15%.
(5) Demineralized water royalties.....	5%.....	5%.
(6) Byproduct royalties.....	5%.....	5%.
(7) Minimum royalty.....	\$2.00 per acre.....	\$2.00 per acre.
(8) Additional rent/Instead of.....	\$3.00 per acre in addition to regular lease rent.	\$3.00 per acre in addition to regular lease rent.
(9) Additional rent/Instead of commercial quantities production	\$3.00/year, first 5 years \$6.00/year, second 5 yrs	\$3.00/year, first 5 years. \$6.00/year, second 5 years.

Note the exception stated in 43 CFR 3211.16(b).

### **Sec. 3211.11 When is my annual rental payment due?**

MMS must receive your annual rental payment by the anniversary date of each lease year. There is no grace period for rental payments. If the rent for your lease is not paid on time, the lease will automatically terminate by operation of law, unless you meet the conditions of 43 CFR 3213.15. See the MMS regulations in 30 CFR part 218 which explain when MMS considers a payment as received. If less than a full year remains on a lease, you still must pay a full year's rent by the anniversary date of the lease.

### **Sec. 3211.12 How and where do I pay my rent?**

(a) Pay BLM the first year's advance rent according to the instructions at 43 CFR 3204.12 or 3205.16. You may use a personal or cashier's check or money order made payable to the Department of the Interior--Bureau of Land Management. You may also make payments by credit card or electronic funds transfer with our prior approval.

(b) For all subsequent years make your rental payments to MMS. See MMS regulations at 30 CFR part 218.

### **Sec. 3211.13 Is there a different rental or minimum royalty amount for a fractional interest lease?**

Yes, BLM will prorate rents and minimum royalties payable under leases for lands in which the United States owns only a fractional mineral interest. For example, if the United States owns 50% of a 640 acre lease, you pay rent based on 320 acres.

#### **Sec. 3211.14 Will I always pay rent on my lease?**

You are required to pay rent only until you achieve production in commercial quantities. At that time you begin paying royalties instead.

#### **Sec. 3211.15 Must I pay rent if my lease is committed to an approved cooperative or unit plan?**

(a) Before you begin production, if your lease is committed to an approved cooperative or unit plan, you must pay rent in accordance with 43 CFR 3211.10.

(b) Once you begin production, you do not have to pay rent if the lands included in an approved cooperative or unit plan are within the participating area. These lands are subject to royalties instead, under 43 CFR 3211.16. The only exception is for unitized lands outside the participating area, which remain subject to rent under 43 CFR 3211.10.

#### **Sec. 3211.16 What is the royalty rate for production from or attributable to my lease?**

The royalty rate for production from or attributable to your lease is prescribed in your lease form. The chart at 43 CFR 3211.10 shows the minimum royalty rates. We will determine the royalty rate to include in your lease form based on the following:

(a) The royalty rate for heat or energy derived from lease production may range from 10 to 15 percent of the heat or energy value;

(b) Except for minerals discussed in paragraph (c) of this section, the royalty rate for the value of byproducts may not exceed five percent:

(1) If derived from production under the lease; and

(2) If sold or utilized or reasonably susceptible to sale or utilization.

(c) The royalty rate for minerals listed in section 1 of the Mineral Leasing Act will be the same as the royalty rate for those minerals provided under BLM regulations in this Title.

(d) The royalty rate for commercially demineralized water produced on a lease may not exceed 5 percent, except that BLM will not charge a royalty for water used in the operations of a utilization facility.

#### **Sec. 3211.17 When do I owe minimum royalty?**

You owe minimum royalty when BLM determines you have a well capable of commercial production but you have not begun actual production. You also owe minimum royalty when the value of actual production is so low that royalty you would pay under the scheduled rate is less than \$2.00 per acre. You should make your minimum royalty payment to MMS under the regulations in 30 CFR part 218.

## **Subpart 3212 -- Lease Suspensions and Royalty Rate Reductions**

**Sec. 3212.10 What is the difference between a suspension of operations and production and a suspension of operations?**

**Sec. 3212.11 How do I obtain a suspension of operations or operations and production on my lease?**

**Sec. 3212.12 How long does a suspension of operations or operations and production last?**

**Sec. 3212.13 How does a suspension affect my lease terms?**

**Sec. 3212.14 What happens when the suspension ends?**

**Sec. 3212.15 May BLM reduce or suspend the royalty or rental rate of my lease?**

**Sec. 3212.16 What information must I submit when I request that BLM suspend, reduce or waive my royalty or rental rate?**

**Sec. 3212.10 What is the difference between a suspension of operations and production and a suspension of operations?**

A suspension of operations and production is a temporary relief from production obligations which you may request from BLM because economic conditions make it unjustifiable for you to continue operating. A suspension of operations is when we order you, on our own initiative, to temporarily stop production in order to protect the resource.

**Sec. 3212.11 How do I obtain a suspension of operations or operations and production on my lease?**

(a) If you are the operator, you may request in writing that BLM suspend your operations and production for a producing lease. Your request must fully describe why you need the suspension. We will determine if your suspension is approved.

(b) We may act on our own and suspend your operations on any lease in the interest of conservation.

(c) A suspension under this section may include leases committed to an approved unit agreement. Even if leases committed to the unit are suspended, the unit operator must still meet unit obligations.

**Sec. 3212.12 How long does a suspension of operations or operations and production last?**

(a) BLM will state in your suspension notice how long your suspension of operations or operations and production is effective.

(b) During a suspension, you may ask BLM in writing to terminate your suspension. The suspension will terminate when you resume production or drilling operations. If we terminate the suspension, you must resume paying rents and minimum royalty. See 43 CFR 3212.14.

(c) If we get information showing that you must resume operations to protect the interests of the United States, we will terminate your suspension and order you to resume production.

### **Sec. 3212.13 How does a suspension affect my lease terms?**

If BLM approves your suspension of operations and production,

- (a) Your lease term is extended by the length of time the suspension is in effect.
- (b) You do not have to drill, produce geothermal resources, or pay rents or royalties during the suspension. We will suspend your obligation to pay lease rents or royalties beginning with the first day of the month following the date the suspension is effective. For a suspension of operations, we will not suspend your lease rental or royalty obligations.

### **Sec. 3212.14 What happens when the suspension ends?**

You must resume rental or minimum royalty payments beginning on the first day of the lease month after BLM terminates the suspension. You must pay the full rental or minimum royalty amount due on or before the next lease anniversary date. If you do not, we will refund your balance and cancel the lease.

### **Sec. 3212.15 May BLM reduce or suspend the royalty or rental rate of my lease?**

Yes. If you apply for a waiver, suspension or reduction of your rent or royalty, BLM may grant your request if we determine that:

- (a) It promotes conservation;
- (b) Doing so will encourage the greatest ultimate recovery of resources;
- (c) It is necessary to promote development; or
- (d) You cannot successfully operate the lease under its current terms.

### **Sec. 3212.16 What information must I submit when I request that BLM suspend, reduce or waive my royalty or rental rate?**

(a) Your request for suspension, reduction or waiver of the royalty or rental rate must include all information BLM needs to determine if the lease can be operated under its current terms. We may ask you for:

- (1) The type of reduction you seek;
- (2) The serial number of your lease;
- (3) The names of the lessee and operator;
- (4) The location and status of wells;
- (5) A summary of monthly production from your lease; and

(6) A detailed statement of expenses and costs.

(b) If you are applying for a royalty reduction, suspension or waiver, you must also give us a list of names and amounts of royalties or payments out of production paid to each individual, and every effort you have made to reduce these payments. We will not approve a royalty reduction, suspension or waiver unless other royalty interest owners accept a similar reduction, suspension or waiver.

### **Subpart 3213 -- Relinquishment, Termination, Cancellation, and Expiration**

**Sec. 3213.10 Who may relinquish a lease?**

**Sec. 3213.11 What must I do to relinquish a lease?**

**Sec. 3213.12 May BLM accept a partial relinquishment if it will reduce my lease to less than 640 acres?**

**Sec. 3213.13 When does my relinquishment take effect?**

**Sec. 3213.14 How can my lease automatically terminate?**

**Sec. 3213.15 Will my lease automatically terminate if my rental payment is on time but for the wrong amount?**

**Sec. 3213.16 Will BLM notify me if my lease terminates?**

**Sec. 3213.17 May BLM reinstate my lease?**

**Sec. 3213.18 Who may petition to reinstate a lease?**

**Sec. 3213.19 What must I do to have my lease reinstated?**

**Sec. 3213.20 Are there reasons why BLM would not reinstate my lease?**

**Sec. 3213.21 When will my lease expire?**

**Sec. 3213.22 Will BLM notify me when my lease's extended term expires?**

**Sec. 3213.23 May BLM cancel my lease?**

**Sec. 3213.24 When is a cancellation effective?**

**Sec. 3213.25 What can I do if BLM notifies me that my lease is being canceled due to violations of the laws, regulations or lease terms?**

**Sec. 3213.10 Who may relinquish a lease?**

The record title owner may relinquish a lease in full or in part. If there is more than one record title owner for a lease, all record title owners must sign the relinquishment.

**Sec. 3213.11 What must I do to relinquish a lease?**

Send BLM a written request that includes the serial number of each lease you are relinquishing. If you are relinquishing the entire lease, no legal description of the land is required. If you are relinquishing part of the lease, you must describe the lands relinquished.

**Sec. 3213.12 May BLM accept a partial relinquishment if it will reduce my lease to less than 640 acres?**

Your lease must remain at least 640 acres, or all of your leased lands in a section, whichever is less. Otherwise, we will not accept your partial relinquishment. We may only allow an exception if it will further development of the resource.

### **Sec. 3213.13 When does my relinquishment take effect?**

If BLM determines you have submitted a complete relinquishment request which meets the requirements of 43 CFR 3213.11 and 3213.12, your relinquishment is effective the day we receive it. However, you and your surety must still:

- (a) Pay all rents and royalties due before relinquishment;
- (b) Plug and abandon all wells on the relinquished land;
- (c) Restore the surface and other resources; and,
- (d) Comply with the requirements of 43 CFR 3200.4.

### **Sec. 3213.14 How can my lease automatically terminate?**

If you do not pay the rent on or before the anniversary date, your lease automatically terminates by operation of law.

### **Sec. 3213.15 Will my lease automatically terminate if my rental payment is on time but for the wrong amount?**

(a) If MMS receives your rental payment on time, but it is deficient by a nominal amount, your lease will not automatically terminate. A nominal amount is not more than \$100 or five percent of the total payment due, whichever is less. MMS will notify you if your payment is deficient, and will set a date by which a further payment must be made. If you do not send this further payment in the time allowed, we will terminate your lease as of the anniversary date of the lease.

(b) If your rental payment is deficient by more than a nominal amount, your lease will automatically terminate on the anniversary date of the lease.

### **Sec. 3213.16 Will BLM notify me if my lease terminates?**

Yes, we will send you a notice of the termination by certified mail, return receipt requested.

### **Sec. 3213.17 May BLM reinstate my lease?**

Yes, if your lease was terminated for failure to pay your rents on time. You have 30 days from when you receive the termination notice to petition us for reinstatement.

### **Sec. 3213.18 Who may petition to reinstate a lease?**

All record title owners must sign the petition, though any one record owner can submit it.

### **Sec. 3213.19 What must I do to have my lease reinstated?**

Send BLM a petition requesting reinstatement. Your petition must include the serial number for each lease and an explanation of why the delay in payment was justifiable, rather than due to a lack of diligence. In addition to your petition, you must also include any past rent owed and any rent which has accrued from the termination date.

**Sec. 3213.20 Are there reasons why BLM would not reinstate my lease?**

We will not reinstate your lease if:

- (a) You do not prove that your failure to pay rent on time was justifiable or was not due to your lack of diligence;
- (b) We issued a valid lease for any of the lands before you filed your petition for reinstatement; or
- (c) The land is no longer available for leasing.

**Sec. 3213.21 When will my lease expire?**

Your lease expires at the end of its primary term or extended term if you do not either begin production before the primary term ends or extend your lease under subpart 3208. BLM will not notify you when your lease expires at the end of the primary term.

**Sec. 3213.22 Will BLM notify me when my lease's extended term expires?**

No, if you have extended your lease term, we will not notify you when your lease expires at the end of that extended term.

**Sec. 3213.23 May BLM cancel my lease?**

- (a) Yes, we may cancel your lease, after giving you 30 days notice, if we determine that you violated the requirements of 43 CFR 3200.4. We will also cancel your lease if it was issued in error.
- (b) See the following Subparts for information related to Inspection and Enforcement procedures:
  - (1) Subpart 3254--Exploration operations;
  - (2) Subpart 3266--Drilling operations; and
  - (3) Subpart 3277--Utilization operations.

**Sec. 3213.24 When is a cancellation effective?**

- (a) If BLM cancels your lease because it was issued in error, the cancellation is effective when you receive it.
- (b) If BLM cancels your lease because you violated the requirements of 43 CFR 3200.4, the cancellation takes effect 30 days from the date you receive notice of the violation.

**Sec. 3213.25 What can I do if BLM notifies me that my lease is being canceled due to violations of the laws, regulations or lease terms?**

(a) You can prevent us from canceling your lease following this notice if:

(1) You correct the violation within 30 days; or

(2) You show us that you cannot correct the violation during the 30- day period but that you are making a good faith attempt to timely correct the violation.

(b) You may request a hearing on the record about the violation or proposed lease cancellation. You have 30 days from the date you receive the violation notice to request a hearing. See 43 CFR parts 4 and 1840. We will suspend canceling your lease while your appeal is pending. If a hearing occurs and the administrative law judge decides you committed a violation, you will have 30 days from receiving the decision to correct the violation under paragraph (a) of this section.

**Subpart 3214 -- Personal and Surety Bonds**

**Sec. 3214.10 Who must post a geothermal bond?**

**Sec. 3214.11 Who must my bond cover?**

**Sec. 3214.12 What activities must my bond cover?**

**Sec. 3214.13 What is the minimum dollar amount required for a bond?**

**Sec. 3214.14 May BLM increase the bond amount above the minimum?**

**Sec. 3214.15 What kind of financial guarantee will BLM accept to back my bond?**

**Sec. 3214.16 Is there a special bond form I must use?**

**Sec. 3214.17 Where must I submit my bond?**

**Sec. 3214.18 Who will BLM hold liable under the bond and what are they liable for?**

**Sec. 3214.19 What are my bonding requirements when a lease interest is transferred to me?**

**Sec. 3214.20 How do I modify or extend the terms and conditions of my bond?**

**Sec. 3214.21 What must I do if I want to use a certificate of deposit to back my bond?**

**Sec. 3214.22 What must I do if I want to use a letter of credit to back my bond?**

**Sec. 3214.10 Who must post a geothermal bond?**

The lessee or operator must post a bond with BLM before exploration, drilling or utilization operations begin. Before we approve a lease transfer or recognize a new designated operator, the lessee or operator must file a new bond or a rider to the existing bond, unless all previous operations on the land have already been reclaimed.

**Sec. 3214.11 Who must my bond cover?**

Your bond must cover all record title owners, operating rights owners, operators and any person who conducts operations on your lease.

**Sec. 3214.12 What activities must my bond cover?**

Your bond must cover:

- (a) Any activities related to exploration, drilling, utilization or associated operations on a Federal lease;
- (b) Reclamation of the surface and other resources;
- (c) Royalty payments; and,
- (d) Compliance with the requirements of 43 CFR 3200.4.

**Sec. 3214.13 What is the minimum dollar amount required for a bond?**

The minimum bond amount differs depending on the type of activity you are proposing and whether your bond will cover individual, statewide or nationwide activities. The minimum dollar amounts and bonding options for each type of activity are found in the following regulations:

- (a) Exploration operations--see 43 CFR 3251.15;
- (b) Drilling operations--see 43 CFR 3261.18; and,
- (c) Utilization operations--see 43 CFR 3271.12 and 43 CFR 3273.19.

**Sec. 3214.14 May BLM increase the bond amount above the minimum?**

- (a) We may increase the bond amount beyond the minimums referenced in 43 CFR 3214.13 when:
  - (1) We determine the operator has a history of noncompliance;
  - (2) We previously had to make a claim against a surety because any one person who is covered by the new bond failed to timely plug and abandon a well and reclaim the surface;
  - (3) MMS has notified BLM that a person covered by the bond owes uncollected royalties; or
  - (4) Our inspection of the property determines that the bond amount is too low to cover the estimated reclamation cost.
- (b) We may increase bond amounts to any level, but we will not set that amount higher than the total estimated costs of plugging wells, removing structures, and reclaiming the surface, plus any uncollected royalties due MMS or monies owed to BLM due to previous violations.

**Sec. 3214.15 What kind of financial guarantee will BLM accept to back my bond?**

We will not accept cash to back a bond. We will only accept:

(a) Corporate surety bonds, provided that the surety company is approved by the Department of Treasury (see Department of the Treasury Circular No. 570 which is published in the Federal Register every year on or about July 1); and

(b) Personal bonds, which are secured by a cashier's check, certified check, certificate of deposit, negotiable securities such as Treasury notes, or an irrevocable letter of credit (see 43 CFR 3214.21 and 3214.22).

**Sec. 3214.16 Is there a special bond form I must use?**

Use a BLM-approved bond form (Form 3000-4, or Form 3000-4a, June 1988 or later editions) for either a corporate surety bond or a personal bond.

**Sec. 3214.17 Where must I submit my bond?**

File personal or corporate surety bonds and statewide bonds in the BLM State Office which oversees your lease or operations. You may file nationwide bonds in any BLM State Office. File bond riders in the BLM State Office where your underlying bond is located. For personal or corporate surety bonds, file one originally signed copy of the bond.

**Sec. 3214.18 Who will BLM hold liable under the bond and what are they liable for?**

We will hold all interest owners in a lease jointly and severally liable for compliance with the requirements of 43 CFR 3200.4 for obligations that accrue while they hold their interest. Among other things, all interest owners are jointly and severally liable for:

- (a) Plugging and abandoning wells;
- (b) Reclaiming the surface;
- (c) Paying compensatory royalties assessed for drainage; and
- (d) Paying rent.

**Sec. 3214.19 What are my bonding requirements when a lease interest is transferred to me?**

(a) Except as otherwise provided in this section, if the lands transferred to you contain a well or any other surface disturbance which the original lessee did not reclaim, you must post a bond under this subpart.

(b) If the original lessee does not transfer all interest in the lease to you, you may become a co-principal on the original bond, rather than posting a new bond.

(c) You do not need to post an additional bond if:

- (1) You previously furnished a statewide or nationwide bond; or

(2) The operator provided the original bond, and the operator does not change.

**Sec. 3214.20 How do I modify or extend the terms and conditions of my bond?**

You may modify your bond by submitting a rider to the BLM State Office where your bond is held. There is no special form required.

**Sec. 3214.21 What must I do if I want to use a certificate of deposit to back my bond?**

Your certificate of deposit must:

- (a) Be issued by a Federally-insured financial institution authorized to do business in the United States;
- (b) Include on its face the statement, "[t]he Secretary of the Interior or his delegatee must approve redemption of this certificate by any party;" and
- (c) Be payable to the Department of the Interior, Bureau of Land Management.

**Sec. 3214.22 What must I do if I want to use a letter of credit to back my bond?**

Your letter of credit must:

- (a) Be issued by a Federally-insured financial institution authorized to do business in the United States;
- (b) Be payable to the Department of the Interior, Bureau of Land Management;
- (c) Be irrevocable during its term and have an initial expiration date of no sooner than one year after the date we receive it;
- (d) Be automatically renewable for a period of at least one year, unless the issuing financial institution gives us written notice, at least 90 days before the letter of credit expires, that it will no longer renew the letter of credit; and
- (e) Include a clause that authorizes the Secretary of the Interior to demand immediate payment, in part or in full, if you do not meet your obligations under the requirements of 43 CFR 3200.4 or provide substitute security for a letter of credit which the issuer has stated it will not renew before the letter of credit expires.

**Subpart 3215 -- Bond Collection After Default**

**Sec. 3215.10 When may BLM collect against my bond?**

**Sec. 3215.11 Must I replace my bond after BLM collects against it?**

**Sec. 3215.12 What will BLM do if I do not restore the face amount or file a new bond?**

**Sec. 3215.13 Will BLM cancel or terminate my bond?**

**Sec. 3215.14 When BLM releases my bond, does that end my responsibilities?**

**Sec. 3215.10 When may BLM collect against my bond?**

Unless you comply with the requirements listed at 43 CFR 3200.4, we may collect money from the bond to correct your noncompliance. This amount can be as large as the face amount of the bond. Some examples of when we will collect against your bond are when you do not:

- (a) Properly plug and abandon a well;
- (b) Reclaim the lease area;
- (c) Pay outstanding royalties; or
- (d) Pay assessed royalties to compensate for drainage.

**Sec. 3215.11 Must I replace my bond after BLM collects against it?**

Yes. If we collect against your bond, before you conduct any further operations you must either:

- (a) Post a new bond equal to the value of the original bond; or
- (b) Restore your existing bond to the original amount.

**Sec. 3215.12 What will BLM do if I do not restore the face amount or file a new bond?**

If we collect against your bond and you do not restore it to the original amount, we may shut-in any well(s) or utilization facilities and begin canceling all of your leases covered by that bond.

**Sec. 3215.13 Will BLM cancel or terminate my bond?**

No, we do not cancel or terminate bonds. However, we may:

- (a) Terminate the period of liability of a surety or other bond provider at any time. The bond provider must give you and BLM 30 days notice when they terminate your bond. Once your bond is terminated, do not conduct any operations until you provide a new bond which meets our requirements. We will also release an old bond once you file a new bond with a rider covering existing liabilities and we accept it; or
- (b) Release your bond after a reasonable period of time, if we determine that you have paid all royalties, rents, penalties, and assessments, satisfied all permit or lease obligations and reclaimed the site according to your operations plan.

**Sec. 3215.14 When BLM releases my bond, does that end my responsibilities?**

No, when we release your bond, we relinquish the security but we continue to hold the lessee or operator responsible for noncompliance. Specifically, we do not waive any legal claim we may have

against any person under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), or other laws and regulations.

## **Subpart 3216 -- Transfers**

**Sec. 3216.10 What types of lease interests may I transfer?**

**Sec. 3216.11 Where must I file a transfer request?**

**Sec. 3216.12 When does a transferee take responsibility for lease obligations?**

**Sec. 3216.13 What are my responsibilities after I transfer my interest?**

**Sec. 3216.14 What filing fees and forms does a transfer require?**

**Sec. 3216.15 When must I file my transfer request?**

**Sec. 3216.16 Must I file separate transfer requests for each lease?**

**Sec. 3216.17 Where must I file estate transfers, corporate mergers and name changes?**

**Sec. 3216.18 How do I describe the lands in my lease transfer?**

**Sec. 3216.19 May I transfer record title interest for less than 640 acres?**

**Sec. 3216.20 When does a transfer segregate a lease?**

**Sec. 3216.21 When is my transfer effective?**

**Sec. 3216.22 Does BLM grant all transfer requests?**

### **Sec. 3216.10 What types of lease interests may I transfer?**

You may transfer record title or operating rights, but you need our approval before your transfer is effective. See 43 CFR 3216.21.

### **Sec. 3216.11 Where must I file a transfer request?**

File your transfer in the BLM State Office that handles your lease.

### **Sec. 3216.12 When does a transferee take responsibility for lease obligations?**

Once we approve your transfer, the transferee becomes responsible for performing all lease obligations accrued after the date of the transfer, and for plugging and abandoning wells which exist and are not plugged at the time of the transfer.

### **Sec. 3216.13 What are my responsibilities after I transfer my interest?**

You will still be responsible for rents, royalties, compensatory royalties and other obligations accrued before your transfer became effective. You must also plug and abandon any wells drilled or existing on the lease while you held your interest.

### **Sec. 3216.14 What filing fees and forms does a transfer require?**

With each transfer request you must send us the correct form and pay the transfer fee. When you calculate your fee, make sure it covers the full amount. For example, if you are transferring record title for three leases, submit \$150 with the application. Use the following chart to determine forms and fees:

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Type of form Required? Form No. Number Filing  
of copies transfer fee  
(per lease)

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(a) Record Title.....	Yes.....	3000-3.....	2	executed copies...	\$50.00
(b) Operating Rights...	Yes.....	3000-3(a)...	2	executed copies...	\$50.00
(c) Estate Transfers...	No.....	N/A.....	1	List of Leases....	None
(d) Corporate Mergers..	No.....	N/A.....	1	List of Leases....	None
(e) Name Changes.....	No.....	N/A.....	1	List of Leases....	None

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### **Sec. 3216.15 When must I file my transfer request?**

- (a) File a transfer request to transfer record title or operating rights within 90 days after you sign an agreement with the transferee. If we receive your request more than 90 days after signing, we may require you to re-certify that you still intend to complete the transfer.
- (b) There is no specific time deadline for filing estate transfers, corporate mergers, and name changes. Just file them within a reasonable time.

### **Sec. 3216.16 Must I file separate transfer requests for each lease?**

File two copies of separate requests for each lease for which you are transferring record title or operating rights. The only exception is, if you are transferring more than one lease to the same transferee, just file two copies of one transfer application.

### **Sec. 3216.17 Where must I file estate transfers, corporate mergers and name changes?**

- (a) If you have posted a bond for any Federal lease, file estate transfers, corporate mergers, and name changes in the BLM State Office that maintains your bond.
- (b) If you have not posted a bond, file estate transfer, corporate merger and name change documents in each State Office having jurisdiction over the lease(s).

### **Sec. 3216.18 How do I describe the lands in my lease transfer?**

- (a) If you are transferring an interest in your entire lease, you do not need to give BLM a legal description of the land.
- (b) If you are transferring an interest in a portion of your lease, describe the lands the same way they are described in the lease.

### **Sec. 3216.19 May I transfer record title interest for less than 640 acres?**

Only when your transfer includes an irregular subdivision or all your lease in a section. We may make an exception to the minimum acreage requirements if needed to conserve the resource.

### **Sec. 3216.20 When does a transfer segregate a lease?**

If you transfer 100 percent of the record title interest in a portion of your lease, BLM will segregate the transferred portion from the original lease and give it a new serial number with the same terms and conditions as those in the original lease.

### **Sec. 3216.21 When is my transfer effective?**

Your transfer is effective the first day of the month after we approve it.

### **Sec. 3216.22 Does BLM grant all transfer requests?**

No, we will not approve a transfer if:

- (a) The lease account is not in good standing;
- (b) The transferee does not qualify to hold a lease under this part; or
- (c) An adequate bond has not been provided.

### **Subpart 3217 -- Cooperative Conservation Provision**

#### **Sec. 3217.10 What are unit agreements and cooperative plans?**

#### **Sec. 3217.11 What are communitization agreements?**

#### **Sec. 3217.12 What does BLM need to approve my communitization agreement?**

#### **Sec. 3217.13 When does my communitization agreement go into effect?**

#### **Sec. 3217.14 When will BLM approve my operating, drilling or development contract?**

#### **Sec. 3217.15 What does BLM need to approve my operating, drilling or development contract?**

### **Sec. 3217.10 What are unit agreements and cooperative plans?**

Lessees enter into a unit agreement or a cooperative plan to conserve the resources of any geothermal field or area. By operating together, lessees can work more efficiently and promote better development. BLM will only approve unit agreements which we determine are in the public interest. Unit agreement application procedures are provided in 43 CFR part 3280.

#### **Sec. 3217.11 What are communitization agreements?**

Communitization agreements (also called drilling agreements) help operators who cannot independently develop separate tracts due to problems with well spacing or well development programs. Lessees may ask BLM to approve a communitization agreement or, in some cases, we may require the lessees to enter into such an agreement.

### **Sec. 3217.12 What does BLM need to approve my communitization agreement?**

Give us the following information:

- (a) The location of the separate tracts comprising the drilling or spacing unit;

- (b) How you will prorate production or royalties to each separate tract based on total acres involved;
- (c) The name of each tract operator; and
- (d) Provisions for protecting the interests of all parties, including the United States.

**Sec. 3217.13 When does my communitization agreement go into effect?**

When BLM signs it. Before we approve the agreement, all parties must sign the agreement, and we must determine that the tracts cannot be independently developed.

**Sec. 3217.14 When will BLM approve my operating, drilling or development contract?**

We may approve an operating, drilling or development contract when:

- (a) One or more geothermal lessees enter into the contract with one or more persons or partnerships;
- (b) Lessees need the contract for large scale operations and financing of the discovery, development, production, transmission, transportation or utilization of geothermal resources; and
- (c) We determine that the contract is needed to conserve the resource, or it will serve the public interest.

**Sec. 3217.15 What does BLM need to approve my operating, drilling or development contract?**

Send us:

- (a) The contract and a statement of why you need it;
- (b) A statement of all interests held by the contracting parties in that geothermal area or field;
- (c) The type of operations and schedule set by the contract;
- (d) A statement that the contract will not violate Federal antitrust laws by concentrating control over the production or sale of geothermal resources;
- (e) Any other information we may require to make a decision about the contract or to attach conditions of approval.

**Subpart 3250 -- Exploration Operations - General**

**Sec. 3250.10 When do the exploration operations regulations apply?**

**Sec. 3250.11 What types of operations may I propose when I send BLM my exploration permit application?**

**Sec. 3250.12 What general standards apply to my exploration operations?**

**Sec. 3250.13 What orders or instructions may BLM issue me?**

### **Sec. 3250.10 When do the exploration operations regulations apply?**

(a) The exploration operations regulations, contained in 43 CFR subparts 3250 through 3256, apply to geothermal exploration operations:

- (1) On BLM-administered public lands, whether or not they are leased for geothermal resources; and
- (2) On lands whose surface is managed by another Federal agency, where BLM has leased the subsurface geothermal resources and the lease operator will conduct exploration. In this case, we will consult with the surface managing agency regarding surface use and reclamation requirements before we approve the exploration permit.

(b) These regulations do not apply to:

- (1) Unleased land administered by another Federal agency;
- (2) Unleased geothermal resources whose surface land is managed by another Federal agency;
- (3) Privately owned land; or
- (4) Casual use activities.

### **Sec. 3250.11 What types of operations may I propose when I send BLM my exploration permit application?**

(a) You may propose any activity fitting the definition of "exploration operations" in 43 CFR 3200.1. Submit Form 3200-9, Notice of Intent to Conduct Geothermal Resource Exploration Operations, together with the information required under 43 CFR 3251.12, and BLM will review your proposal.

(b) The exploration operations regulations do not address drilling wells intended for production or injection, which are covered in subpart 3260 of this part, or geothermal resources utilization, which is covered in subpart 3270 of this part.

### **Sec. 3250.12 What general standards apply to my exploration operations?**

Your exploration operations must:

- (a) Meet all operational and environmental standards;
- (b) Protect public health, safety and property;
- (c) Prevent unnecessary impacts to surface and subsurface resources; and;
- (d) Be conducted in a manner consistent with the principles of multiple use; and
- (e) Comply with the requirements of 43 CFR 3200.4.

### **Sec. 3250.13 What orders or instructions may BLM issue me?**

- (a) Geothermal resource operational orders, for detailed requirements that apply nationwide;
- (b) Notices to lessees, for detailed requirements on a statewide or regional basis;
- (c) Other orders and instructions specific to a field or area;
- (d) Permit conditions of approval; and
- (e) Verbal orders which will be confirmed in writing.

### **Subpart 3251 -- Exploration Operations: Getting a Permit**

#### **Sec. 3251.10 Do I need a permit before I start my exploration operations?**

#### **Sec. 3251.11 May I conduct exploration operations on my lease, someone else's lease or unleased land?**

#### **Sec. 3251.12 What does BLM need to approve my exploration permit?**

#### **Sec. 3251.13 What action will BLM take on my permit?**

#### **Sec. 3251.14 Once I have a permit, how can I change my exploration operations?**

#### **Sec. 3251.15 Do I need a bond for conducting exploration operations?**

#### **Sec. 3251.16 When will BLM release my bond?**

#### **Sec. 3251.10 Do I need a permit before I start my exploration operations?**

Yes, do not start any exploration operations before we have approved your exploration permit.

#### **Sec. 3251.11 May I conduct exploration operations on my lease, someone else's lease or unleased land?**

You may request a permit to explore any BLM-managed public lands open to geothermal leasing, even if we already leased the lands to another person. Your exploration will not give you exclusive rights. If you wish to conduct operations on your lease, you may do so after we have approved your exploration permit. If the lands are already leased, your operations may not unreasonably interfere with or endanger those other operations or other authorized uses, or cause unnecessary or undue degradation of the lands.

#### **Sec. 3251.12 What does BLM need to approve my exploration permit?**

To conduct exploration operations on BLM-managed lands, your application must:

- (a) Include a complete and signed exploration permit which describes the lands you wish to explore;
- (b) For operations other than temperature gradient wells, describe your exploration plans and procedures, including the approximate starting and ending dates for each phase of operations;
- (c) For temperature gradient wells, describe your drilling and completion procedures, and include, for each well or for several wells you propose to drill in an area of geologic and environmental similarity:

- (1) A detailed description of the equipment, materials, and procedures you will use;
- (2) The depth of the well;
- (3) The casing and cementing program;
- (4) The circulation media (mud, air, foam, etc.);
- (5) A description of the logs that you will run;
- (6) A description and diagram of the blowout prevention equipment you will use during each phase of drilling;
- (7) The expected depth and thickness of fresh water zones;
- (8) Anticipated lost circulation zones;
- (9) Anticipated temperature gradient in the area;
- (10) Well site layout and design;
- (11) Existing and planned access roads or ancillary facilities; and
- (12) Source of drill pad and road building material and water supply.
- (d) Show evidence of bond coverage (See 43 CFR 3251.15);
- (e) Estimate how much surface disturbance your exploration may cause;
- (f) Describe the proposed measures you will take to protect the environment and other resources;
- (g) Describe methods to reclaim the surface; and (h) Include all other information we may require.

**Sec. 3251.13 What action will BLM take on my permit?**

- (a) When we receive your exploration permit, we will make sure it is complete and signed, and review it for compliance with the requirements of 43 CFR 3200.4.
- (b) If the proposed operations are located on lands described under 43 CFR 3250.10(a)(2), we will consult with the federal surface management agency before we approve your permit.
- (c) We will check your exploration permit for technical adequacy and we may require additional procedures.
- (d) We will notify you if we need more information to process your permit. We will suspend the review of your permit until we receive the information.

(e) After our review, we will notify you whether we approved or denied your permit, as well as any conditions we require for conducting operations.

**Sec. 3251.14 Once I have a permit, how can I change my exploration operations?**

Send BLM a complete and signed sundry notice, form 3260-3, which fully describes the requested changes. Do not proceed with the change until you receive written approval from BLM.

**Sec. 3251.15 Do I need a bond for conducting exploration operations?**

Yes, do not start any exploration operations on BLM-managed lands until we approve your bond. You may meet the requirement for an exploration bond in two ways.

(a) If you have an existing nationwide or statewide oil and gas exploration bond, provide a rider to include geothermal resources exploration operations, in an amount we have specified.

(b) If you must file a new bond, the minimum amounts are:

(1) \$5,000 for a single operation;

(2) \$25,000 for all of your operations within a state;

(3) \$50,000 for all of your operations nationwide.

(c) See 43 CFR subparts 3214 and 3215 for additional details on bonding procedures.

**Sec. 3251.16 When will BLM release my bond?**

We will release your bond after you request it and we determine that you have:

(a) Plugged and abandoned all wells;

(b) Reclaimed the land; and

(c) Complied with the requirements of 43 CFR 3200.4.

**Subpart 3252 -- Conducting Exploration Operations**

**Sec. 3252.10 What operational standards apply to my exploration operations?**

**Sec. 3252.11 What environmental requirements must I meet when conducting exploration operations?**

**Sec. 3252.12 How deep may I drill a temperature gradient well?**

**Sec. 3252.13 How long may I collect information from my temperature gradient well?**

**Sec. 3252.14 How must I complete a temperature gradient well?**

**Sec. 3252.15 When must I abandon a temperature gradient well?**

**Sec. 3252.16 How must I abandon a temperature gradient well?**

### **Sec. 3252.10 What operational standards apply to my exploration operations?**

You must:

- (a) Keep exploration operations under control at all times;
- (b) Conduct training during your operation which ensures your personnel are capable of performing emergency procedures quickly and effectively;
- (c) Use properly maintained equipment; and
- (d) Use operational practices which allow for quick and effective emergency response.

### **Sec. 3252.11 What environmental requirements must I meet when conducting exploration operations?**

(a) You must conduct your exploration operations to:

- (1) Protect the quality of surface and subsurface waters, air, and other natural resources, including wildlife, soil, vegetation, and natural history;
- (2) Protect the quality of cultural, scenic and recreational resources;
- (3) Accommodate other land uses, as we deem necessary; and
- (4) Protect people and wildlife from unacceptable noise levels.

(b) You must remove or, with our permission, properly store all equipment and materials not in use.

(c) You must provide and use pits, tanks and sumps of adequate capacity. They must be designed to retain all materials and fluids resulting from drilling temperature gradient wells or other operations, unless we have specified otherwise in writing. When no longer needed, you must properly abandon pits and sumps in accordance with your permit.

(d) We may require you to submit a contingency plan describing procedures to protect public health, safety, property and the environment.

### **Sec. 3252.12 How deep may I drill a temperature gradient well?**

You may drill a temperature gradient well to any depth we approve in your exploration permit or sundry notice. In all cases, you may not flow test the well or perform injection tests of the well unless you follow the procedures for geothermal drilling operations in 43 CFR subparts 3260 through 3267. BLM may modify your permitted depth at any time before or during drilling, if we determine the bottom hole temperature or other information indicates that drilling to the original permitted depth could directly encounter the geothermal resource or create risks to public health, safety, property, the environment or other resources.

**Sec. 3252.13 How long may I collect information from my temperature gradient well?**

You may collect information from your temperature gradient well for as long as we approve.

**Sec. 3252.14 How must I complete a temperature gradient well?**

Complete temperature gradient wells in a way that allows for proper abandonment and prevents interzonal migration of fluids. Cap all tubing when not in use.

**Sec. 3252.15 When must I abandon a temperature gradient well?**

When you no longer need it, or when we require you to.

**Sec. 3252.16 How must I abandon a temperature gradient well?**

(a) Before abandoning your well, submit a complete and signed sundry notice describing how you plan to abandon wells and reclaim the surface. Do not begin abandoning wells or reclaiming the surface until we approve your sundry notice.

(b) You must plug and abandon your well to permanently prevent interzonal migration of fluids and migration of fluids to the surface. You must reclaim your well location to our satisfaction.

**Subpart 3253 -- Reports: Exploration Operations**

**Sec. 3253.10 Must I share the data I collect through exploration operations with BLM?**

**Sec. 3253.11 Must I notify BLM when I have completed my exploration operations?**

**Sec. 3253.10 Must I share the data I collect through exploration operations with BLM?**

(a) For exploration operations on your geothermal lease, you must submit all data you obtain as a result of the operations with a signed notice of completion of exploration operations form under 43 CFR 3253.11, unless we approve a later submission.

(b) For exploration operations on unleased lands or on leased lands where you are not the lessee or unit operator, you do not need to submit data. However, if you want your exploration operations to count toward your diligent exploration expenditure requirement (43 CFR 3210.13), or if you are making significant expenditures to extend your lease (43 CFR 3208.14), you must send BLM the resulting data under the rules of those sections.

**Sec. 3253.11 Must I notify BLM when I have completed my exploration operations?**

Yes. Send us a complete and signed notice of completion of exploration operations form, describing the exploration operations, well history, completion and abandonment procedures, or site reclamation measures. You must send this within 30 days after you:

(a) Complete any geophysical exploration operations;

- (b) Complete the drilling of temperature gradient well(s) approved under your exploration permit;
- (c) Plug and abandon a temperature gradient well; or
- (d) Plug shot holes and reclaim all exploration sites.

#### **Subpart 3254 -- Inspection, Enforcement and Noncompliance for Exploration Operations**

##### **Sec. 3254.10 May BLM inspect my exploration operations?**

##### **Sec. 3254.11 What will BLM do if my exploration operations do not meet all requirements?**

##### **Sec. 3254.10 May BLM inspect my exploration operations?**

Yes, we may inspect your exploration operations to ensure compliance with the requirements of 43 CFR 3200.4.

##### **Sec. 3254.11 What will BLM do if my exploration operations do not meet all requirements?**

(a) We will issue you a written incident of noncompliance and direct you to correct the problem within a set time. If the noncompliance continues or is serious in nature, we will take one or more of the following actions:

- (1) Correct the problem at your expense;
- (2) Direct you to modify or shut down your operations;
- (3) Collect all or part of your bond.

(b) We may also require you to take actions to prevent unnecessary impacts to the lands. If so, we will notify you of the nature and extent of any required measures and the time you have to complete them.

(c) Noncompliance may result in BLM canceling your lease, if applicable. See 43 CFR 3213.23 through 3213.25.

#### **Subpart 3255 -- Confidential, Proprietary Information**

##### **Sec. 3255.10 Will BLM disclose information I submit under these regulations?**

##### **Sec. 3255.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

##### **Sec. 3255.12 How long will information I give BLM remain confidential or proprietary?**

##### **Sec. 3255.13 How will BLM treat Indian information submitted under the Indian Mineral Development Act?**

##### **Sec. 3255.14 How will BLM administer information concerning other Indian minerals?**

##### **Sec. 3255.15 When will BLM consult with Indian mineral owners when information**

**concerning their minerals is the subject of a FOIA request?**

**Sec. 3255.10 Will BLM disclose information I submit under these regulations?**

All Federal and Indian data and information submitted to the BLM are subject to part 2 of this title. Part 2 includes the regulations of the Department of the Interior covering public disclosure of data and information contained in Department of Interior records. Certain mineral information not protected from disclosure under part 2 may be made available for inspection without a Freedom Of Information Act (FOIA) request.

**Sec. 3255.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

When you submit data and information that you believe to be exempt from disclosure by 43 CFR part 2, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by 43 CFR 2.13(c).

**Sec. 3255.12 How long will information I give BLM remain confidential or proprietary?**

The FOIA does not provide a finite period of time for which information may be exempt from disclosure to public. Each situation will need to be reviewed individually and in accordance with guidance provided by 43 CFR part 2.

**Sec. 3255.13 How will BLM treat Indian information submitted under the Indian Mineral Development Act?**

Under the Indian Mineral Development Act of 1982 (IMDA) (25 U.S.C. 2101 et seq.), the Department of the Interior will hold as privileged proprietary information of the affected Indian or Indian tribe--

- (a) All findings forming the basis of the Secretary's intent to approve or disapprove any Minerals Agreement under IMDA; and
  - (b) All projections, studies, data, or other information concerning a Minerals Agreement under IMDA, regardless of the date received, related to--
    - (1) The terms, conditions, or financial return to the Indian parties;
    - (2) The extent, nature, value, or disposition of the Indian mineral resources; or
    - (3) The production, products, or proceeds thereof.
11. Section 3255.14 is added to read as follows: [63 FR 52953, Oct. 1, 1998]

**Sec. 3255.14 How will BLM administer information concerning other Indian minerals?**

For information concerning Indian minerals not covered by Sec. 3255.13, BLM will withhold such records as may be withheld under an exemption to the Freedom of Information Act (FOIA) (5 U.S.C. 552) when it receives a request for information related to tribal or Indian minerals held in trust or

subject to restrictions on alienation. 12. Section 3255.15 is added to read as follows: [63 FR 52953, Oct. 1, 1998]

**Sec. 3255.15 When will BLM consult with Indian mineral owners when information concerning their minerals is the subject of a FOIA request?**

BLM will notify the Indian mineral owner(s) identified in the records of the Bureau of Indian Affairs (BIA), and BIA, and give them a reasonable period of time to state objections to disclosure, using the standards and procedures of Sec. 2.15(d) of this title, before making a decision about the applicability of FOIA exemption 4 to:

- (a) Information obtained from a person outside the United States Government; when
- (b) Following consultation with a submitter under Sec. 2.15(d) of this title, BLM determines that the submitter does not have an interest in withholding the records that can be protected under FOIA; but
- (c) BLM has reason to believe that disclosure of the information may result in commercial or financial injury to the Indian mineral owner(s), but is uncertain that such is the case. [63 FR 52953, Oct. 1, 1998]

**Subpart 3256 -- Exploration Operations Relief and Appeals**

**Sec. 3256.10 May I request a variance from any BLM requirements?**

**Sec. 3256.11 How may I appeal a BLM decision regarding my exploration operations?**

**Sec. 3256.10 May I request a variance from any BLM requirements?**

(a) Yes, you may request a variance for your exploration operations from the requirements of 43 CFR 3200.4. Your request must include enough information to explain:

- (1) Why you cannot comply; and
- (2) Why you need the variance to control your well, conserve natural resources, protect public health and safety, property, or the environment.

(b) We may approve your request verbally or in writing. If we give you a verbal approval, we will follow up with written confirmation.

**Sec. 3256.11 How may I appeal a BLM decision regarding my exploration operations?**

You may appeal a BLM decision regarding your exploration operations in accordance with 43 CFR 3200.5.

**Subpart 3260 -- Geothermal Drilling Operations - General**

**Sec. 3260.10 What types of geothermal operations are covered by these regulations?**

**Sec. 3260.11 What general standards apply to my drilling operations?**

**Sec. 3260.12 What other orders or instructions may BLM issue me?**

**Sec. 3260.10 What types of geothermal operations are covered by these regulations?**

(a) The regulations in 43 CFR subparts 3260 through 3267 establish permitting and operating procedures for drilling wells and conducting related activities for the purpose of performing flow tests, producing geothermal fluids, or injecting fluids into a geothermal reservoir. These subparts also address redrilling, deepening, plugging back, and other subsequent well operations.

(b) The operations regulations in subparts 3260 through 3267 do not address conducting exploration operations, which are covered in subpart 3250 of this part, or geothermal resources utilization, which is covered in subpart 3270 of this part.

### **Sec. 3260.11 What general standards apply to my drilling operations?**

Your drilling operations must:

- (a) Meet all environmental and operational standards;
- (b) Prevent unnecessary impacts to surface and subsurface resources;
- (c) Conserve geothermal resources and minimize waste;
- (d) Protect public health, safety and property; and,
- (e) Comply with the requirements of 43 CFR 3200.4.

### **Sec. 3260.12 What other orders or instructions may BLM issue me?**

We may issue:

- (a) Geothermal resource operational orders, for detailed requirements that apply nationwide;
- (b) Notices to lessees, for detailed requirements on a statewide or regional basis;
- (c) Other orders and instructions specific to a field or area;
- (d) Permit conditions of approval; and
- (e) Verbal orders which will be confirmed in writing.

### **Subpart 3261 -- Geothermal Drilling Operations: Getting a Permit**

#### **Sec. 3261.10 How do I get approval to begin well pad construction?**

#### **Sec. 3261.11 How do I get approval for drilling operations and well pad construction?**

#### **Sec. 3261.12 What is an operations plan?**

#### **Sec. 3261.13 What is a drilling program?**

#### **Sec. 3261.14 When must I give BLM my operations plan?**

#### **Sec. 3261.15 Must I give BLM my drilling permit application, drilling program and operations plan at the same time?**

#### **Sec. 3261.16 Can my operations plan, drilling permit and drilling program apply to more than one well?**

**Sec. 3261.17 How do I amend my operations plan or drilling permit?**

**Sec. 3261.18 Do I need a bond before I build a well pad or drill a well?**

**Sec. 3261.19 When will BLM release my bond?**

**Sec. 3261.20 How will BLM review my application documents and notify me of their decision?**

**Sec. 3261.21 How do I get approval to change an approved drilling operation?**

**Sec. 3261.22 How do I get approval for subsequent well operations?**

**Sec. 3261.10 How do I get approval to begin well pad construction?**

(a) If you do not have an approved geothermal drilling permit, form 3260-2, apply using a complete and signed sundry notice, form 3260-3, to build well pads and access roads. Send us a complete operations plan (see 43 CFR 3261.12) and an acceptable bond with your sundry notice. You may start well pad construction once we approve your sundry notice.

(b) If you already have an approved drilling permit and you have provided an acceptable bond, you do not need any further permission from BLM to start well pad construction unless you intend to change something from the approved permit. Send us a complete and signed sundry notice so we may review your proposed change. Do not proceed with the change until we approve your sundry notice.

**Sec. 3261.11 How do I get approval for drilling operations and well pad construction?**

(a) Send us:

(1) A completed and signed drilling permit application;

(2) A complete operations plan (43 CFR 3261.12);

(3) A complete drilling program (43 CFR 3261.13); and

(4) An acceptable bond (43 CFR 3261.18).

(b) Do not start any drilling operations until we have approved the permit.

**Sec. 3261.12 What is an operations plan?**

An operations plan describes how you will drill for and test the geothermal resources covered by your lease. Your plan must tell BLM enough about your proposal to allow us to assess the environmental impacts of your operations. This information should generally include:

(a) Well pad layout and design;

(b) A description of existing and planned access roads;

(c) A description of any ancillary facilities;

(d) The source of drill pad and road building material;

- (e) The water source;
- (f) A statement describing surface ownership;
- (g) Plans for surface reclamation;
- (h) A description of procedures to protect the environment and other resources; and (i) Any other information we may require.

**Sec. 3261.13 What is a drilling program?**

A drilling program describes all the operational aspects of your proposal to drill, complete and test a well. Send us:

- (a) A detailed description of the equipment, materials, and procedures you will use;
- (b) The proposed/anticipated depth of the well;
- (c) If you plan to directionally drill your well, also send us:
  - (1) The proposed bottom hole location and distances from the nearest section or tract lines;
  - (2) The kick-off point;
  - (3) The direction of deviation;
  - (4) The angle of build-up and maximum angle; and
  - (5) Plan and cross section maps indicating the surface and bottom hole locations;
- (d) The casing and cementing program;
- (e) The circulation media (mud, air, foam, etc.);
- (f) A description of the logs that you will run;
- (g) A description and diagram of the blowout prevention equipment you will use during each phase of drilling;
- (h) The expected depth and thickness of fresh water zones;
- (i) Anticipated lost circulation zones;
- (j) Anticipated reservoir temperature and pressure;
- (k) Anticipated temperature gradient in the area;

(l) A plat certified by a licensed surveyor showing the surveyed surface location and distances from the nearest section or tract lines;

(m) Procedures and durations of well testing; and

(n) Any other information we may require.

#### **Sec. 3261.14 When must I give BLM my operations plan?**

Send us a complete operations plan before you begin any surface disturbance on a lease. You do not need to submit an operations plan for subsequent well operations or altering existing production equipment, unless these activities will cause more surface disturbance or we notify you that you must submit an operations plan. Do not start any activities which will result in surface disturbance until we approve your permit or sundry notice.

#### **Sec. 3261.15 Must I give BLM my drilling permit application, drilling program and operations plan at the same time?**

No, you may submit your complete and signed drilling permit application and complete drilling program and operations plan either together or separately.

(a) If you submit them together and we approve your drilling permit, the approved drilling permit will authorize both the pad construction and the drilling and testing of the well.

(b) If you submit the operations plan separately from the drilling permit and program, you must:

(1) Submit the operations plan before the drilling permit application and drilling program to allow BLM time to comply with NEPA; and

(2) Submit a complete and signed sundry notice for well pad and access road construction. Do not begin construction until we approve your sundry notice.

#### **Sec. 3261.16 Can my operations plan, drilling permit and drilling program apply to more than one well?**

Your operations plan and drilling program can sometimes be combined to cover several wells, but your drilling permit cannot. To combine your operations plan, give us adequate information for all well sites, and we will combine your plan to cover those well sites that are in areas of similar geology and environment. Your drilling program may also apply to more than one well, provided you will drill the wells in the same manner, and you expect to encounter similar geologic and reservoir conditions. You must submit a separate geothermal drilling permit application for each well.

#### **Sec. 3261.17 How do I amend my operations plan or drilling permit?**

If BLM has not yet approved your operations plan or drilling permit, send us your amended plan and complete and signed permit application. To amend an approved operations plan or drilling permit,

submit a complete and signed sundry notice describing your proposed change. Do not start any amended operations until we have approved your drilling permit or sundry notice.

**Sec. 3261.18 Do I need a bond before I build a well pad or drill a well?**

Yes, before starting any operation, you must:

(a) Send us either a surety or personal bond in the following minimum amount:

(1) \$10,000 for a single lease;

(2) \$50,000 for all of your operations within a state; or

(3) \$150,000 for all of your operations nationwide.

(b) Get our approval of your surety or personal bond; and

(c) To cover any drilling operations on all leases committed a unit, either submit a bond for that unit in an amount we specify, or provide a rider to a statewide or nationwide bond which specifically covers the unit in an amount we specify.

(d) See subparts 3214 and 3215 for additional details on bonding procedures. [63 FR 52364, Sept. 30, 1998; 66 FR 27040, May 16, 2001]

**Sec. 3261.19 When will BLM release my bond?**

We will release your bond after you request it and we determine that you have:

(a) Plugged and abandoned all wells;

(b) Reclaimed the surface and other resources; and

(c) Met all the requirements of 43 CFR 3200.4.

**Sec. 3261.20 How will BLM review my application documents and notify me of their decision?**

(a) When we receive your operations plan, we will make sure it is complete and review it for compliance with the requirements of 43 CFR 3200.4.

(b) If another Federal agency manages the surface of your lease, we will consult with them before we approve your drilling permit.

(c) We will review your drilling permit and drilling program or your sundry notice for well pad construction, to make sure they conform with your operations plan and any mitigation measures we developed while reviewing your plan.

(d) We will check your drilling permit and drilling program for technical adequacy and we may require additional procedures.

(e) We will check your drilling permit for compliance with the requirements of 43 CFR 3200.4.

(f) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.

(g) After our review, we will notify you whether your permit has been approved or denied, as well as any conditions we require for conducting operations.

### **Sec. 3261.21 How do I get approval to change an approved drilling operation?**

(a) Send us a sundry notice, form 3260-3, describing the proposed changes. Do not proceed with the changes until we have approved them in writing, except as provided in paragraph (c) of this section. If your operations such as redrilling, deepening, drilling a new directional leg, or plugging back a well would significantly change your approved permit, BLM may require you to send us a new drilling permit (see 43 CFR 3261.13). A significant change would be, for example, redrilling the well to a completely different target, especially a target in an unknown area.

(b) If your changed drilling operation would cause additional surface disturbance, we may also require you to submit an amended operations plan.

(c) If immediate action is required to properly continue drilling operations, or to protect public health, safety, property or the environment, you only need BLM's verbal approval to change an approved drilling operation. However, you must submit a written sundry notice within 48 hours after we verbally approve your change.

### **Sec. 3261.22 How do I get approval for subsequent well operations?**

Send us a sundry notice describing your proposed operation. For some routine work, such as cleanouts, surveys, or general maintenance (see 43 CFR 3264.11(b)), we may waive the sundry notice requirement. Contact your local BLM office to ask about waivers. Unless you receive a waiver, you must submit a sundry notice. Do not start your operations until we grant a waiver or approve the sundry notice.

## **Subpart 3262 -- Conducting Drilling Operations**

**Sec. 3262.10 What operational requirements must I meet when drilling a well?**

**Sec. 3262.11 What environmental requirements must I meet when drilling a well?**

**Sec. 3262.12 Must I post a sign at every well?**

**Sec. 3262.13 May BLM require me to follow a well spacing program?**

**Sec. 3262.14 May BLM require me to take samples or perform tests and surveys?**

### **Sec. 3262.10 What operational requirements must I meet when drilling a well?**

(a) When drilling a well, you must:

- (1) Keep the well under control at all times;
  - (2) Conduct training during your operation which ensures your personnel are capable of performing emergency procedures quickly and effectively;
  - (3) Use properly maintained equipment; and
  - (4) Use operational practices which allow for quick and effective emergency response.
- (b) You must use sound engineering principles and take into account all pertinent data when:
- (1) Selecting drilling fluid types and weights;
  - (2) Designing a system to control fluid temperatures;
  - (3) Designing blowout prevention equipment; and
  - (4) Designing a casing and cementing program.
- (c) Your operation must always comply with the requirements of 43 CFR 3200.4.

**Sec. 3262.11 What environmental requirements must I meet when drilling a well?**

- (a) You must conduct your operations to:
- (1) Protect the quality of surface and subsurface water, air, natural resources, wildlife, soil, vegetation, and natural history;
  - (2) Protect the quality of cultural, scenic, and recreational resources;
  - (3) Accommodate, as necessary, other land uses;
  - (4) Minimize noise; and
  - (5) Prevent property damage and unnecessary or undue degradation of the lands.
- (b) You must remove or, with BLM's approval, properly store all equipment and materials that are not in use.
- (c) You must retain all fluids from drilling and testing the well in properly designed pits, sumps, or tanks.
- (d) When you no longer need a pit or sump, you must abandon it and restore the site as we direct you to.

(e) We may require you to give us a contingency plan showing how you will protect public health and safety, property, and the environment.

**Sec. 3262.12 Must I post a sign at every well?**

Yes. Before you begin drilling a well, you must post a sign in a conspicuous place and keep it there throughout operations until the well site is reclaimed. Put the following information on the sign:

- (a) The lessee or operator's name;
- (b) Lease serial number;
- (c) Well number; and
- (d) Well location described by section, township, range, and quarter-quarter-section.

**Sec. 3262.13 May BLM require me to follow a well spacing program?**

Yes, if we determine that it is necessary for proper development. If we require well spacing, we will consider the following factors when we set well spacing:

- (a) Hydrologic, geologic, and reservoir characteristics of the field minimizing well interference;
- (b) Topography;
- (c) Interference with multiple use of land; and (d) Environmental protection, including ground water.

**Sec. 3262.14 May BLM require me to take samples or perform tests and surveys?**

(a) Yes, we may require you to take samples or to test or survey the well to determine:

- (1) The well's mechanical integrity;
- (2) The identity and characteristics of formations, fluids or gases;
- (3) Presence of geothermal resources, water, or reservoir energy;
- (4) Quality and quantity of geothermal resources;
- (5) Well bore angle and direction of deviation;
- (6) Formation, casing, or tubing pressures;
- (7) Temperatures;
- (8) Rate of heat or fluid flow; and

(9) Any other necessary well information.

(b) See 3264.11 for information reporting requirements.

### **Subpart 3263 -- Well Abandonment**

**Sec. 3263.10 May I abandon a well without BLM's approval?**

**Sec. 3263.11 What must I give BLM to approve my sundry notice for abandoning a well?**

**Sec. 3263.12 How will BLM review my sundry notice to abandon my well and notify me of their decision?**

**Sec. 3263.13 What must I do to restore the site?**

**Sec. 3263.14 May BLM require me to abandon a well?**

**Sec. 3263.15 May I abandon a producible well?**

**Sec. 3263.10 May I abandon a well without BLM's approval?**

No, you must have an approved sundry notice which documents your plugging and abandonment program before you start abandoning any well. You must also notify the local BLM office before you begin abandonment, so we may witness the work. Contact your local BLM office before starting to abandon your well to find out what notification we need.

**Sec. 3263.11 What must I give BLM to approve my sundry notice for abandoning a well?**

Send us a sundry notice with:

(a) All the information required in the well completion report (see 43 CFR 3264.10), unless we already have that information;

(b) A detailed description of the proposed work, including:

(1) Type, depth, length, and interval of plugs;

(2) Methods you will use to verify the plugs (tagging, pressure testing, etc.);

(3) Weight and viscosity of mud that you will use in the uncemented portions;

(4) Perforating or removing casing; and

(5) Restoring the surface; and (c) Any other information that we may require.

**Sec. 3263.12 How will BLM review my sundry notice to abandon my well and notify me of their decision?**

(a) When we receive your sundry notice, we will make sure it is complete and review it for compliance with the requirements of 43 CFR 3200.4. We will notify you if we need more information or require additional procedures. If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information. If we approve your sundry notice,

we will send you an approved copy once our review is complete. Do not start abandonment of the well until we approve your sundry notice.

(b) We may verbally approve plugging procedures for a well which requires immediate action. If we do, you must submit the information required in 43 CFR 3263.11 within 48 hours after we give verbal approval.

**Sec. 3263.13 What must I do to restore the site?**

You must remove all equipment and materials and restore the site to BLM's satisfaction.

**Sec. 3263.14 May BLM require me to abandon a well?**

Yes, if we determine your well is no longer needed for geothermal resource production, injection, or monitoring, or if we determine that the well is not mechanically sound. In either case, if you disagree you may explain to us why the well should not be abandoned. We will consider your reasons before we issue any final order.

**Sec. 3263.15 May I abandon a producible well?**

Only if you receive BLM's approval. To abandon a producing well, send us the information listed in 43 CFR 3263.11. We may also require you to explain why you want to abandon the well. We may deny your request if we determine the well is needed to protect a Federal lease from drainage, or to protect the environment or other resources of the United States.

**Subpart 3264 -- Reports: Drilling Operations**

**Sec. 3264.10 What must I give BLM after I complete a well?**

**Sec. 3264.11 What must I give BLM after I finish subsequent well operations?**

**Sec. 3264.12 What must I give BLM after I abandon a well?**

**Sec. 3264.13 What drilling and operational records must I maintain for each well?**

**Sec. 3264.14 Must I notify BLM of accidents occurring on my lease?**

**Sec. 3264.10 What must I give BLM after I complete a well?**

You must submit a geothermal well completion report, form 3260-4, within 30 days after you complete a well. Your report must include the following:

- (a) A complete, chronological well history;
- (b) A copy of all logs;
- (c) Copies of all directional surveys; and
- (d) Copies of all mechanical, flow, reservoir, and other test data.

**Sec. 3264.11 What must I give BLM after I finish subsequent well operations?**

(a) Send us a subsequent well operations report within 30 days after completing operations. At a minimum, this report must include:

- (1) A complete, chronological history of the work done;
  - (2) A copy of all logs;
  - (3) Copies of all directional surveys;
  - (4) All samples, tests or surveys we require you to make (see Sec. 3262.14);
  - (4) Copies of all mechanical, flow, reservoir, and other test data; and
  - (5) A statement of whether you achieved your goals. For example, if the well was acidized to increase production, state whether the production rate increased when you put the well back on line.
- (b) We may waive this reporting requirement for work we determine is routine such as cleanouts, surveys, or general maintenance. To request a waiver, contact BLM. If you do not have a waiver, you must submit the report.

**Sec. 3264.12 What must I give BLM after I abandon a well?**

Send us a well abandonment report within 30 days after you abandon a well. If you plan to restore the site at a later date, you may submit a separate report within 30 days after completing site restoration. The well abandonment report must contain:

- (a) A complete chronology of all work done;
- (b) A description of each plug, including:
  - (1) Amount of cement used;
  - (2) Type of cement used;
  - (3) Depth that the drill pipe or tubing was run to set the plug;
  - (4) Depth to top of plug; and
- (5) If the plug was verified, whether it was done by tagging or pressure testing; and (c) A description of surface restoration procedures.

**Sec. 3264.13 What drilling and operational records must I maintain for each well?**

You must keep the following information for each well and make it available for BLM to inspect it:

- (a) A complete and accurate drilling log, in chronological order;
- (b) All logs;

- (c) Water or steam analyses;
- (d) Hydrologic or heat flow tests;
- (e) Directional surveys;
- (f) A complete log of all subsequent well operations such as cementing, perforating, acidizing, and well cleanouts; and
- (g) Any other information regarding the well that could affect its status.

**Sec. 3264.14 Must I notify BLM of accidents occurring on my lease?**

Yes, you must verbally inform us of all accidents that affect operations or create environmental hazards within 24 hours of the accident. When you contact us, we may require you to submit a report fully describing the incident.

**Subpart 3265 -- Inspection, Enforcement, and Noncompliance for Drilling Operations**

**Sec. 3265.10 What part of my drilling operations may BLM inspect?**

**Sec. 3265.11 What records must I keep available for inspection?**

**Sec. 3265.12 What will BLM do if my operations do not comply with all requirements?**

**Sec. 3265.10 What part of my drilling operations may BLM inspect?**

(a) We may inspect all of your drilling operations regardless of surface ownership. We will inspect your operations for compliance with the requirements of 43 CFR 3200.4.

(b) We may also inspect all of your maps, well logs, surveys, records, books, and accounts related to your drilling operation. You must keep this information available for our inspection.

**Sec. 3265.11 What records must I keep available for inspection?**

You must keep a complete record of all aspects of your activities related to your drilling operation available for our inspection. Store these records in a place which makes them conveniently available to us. Examples of records which we will inspect include:

- (a) Well logs;
- (b) Directional surveys;
- (c) Casing type and setting;
- (d) Formations penetrated;
- (e) Well test results;
- (f) Characteristics of the geothermal resource;

(g) Emergency procedure training; and

(h) Operational problems.

**Sec. 3265.12 What will BLM do if my operations do not comply with all requirements?**

(a) We will issue you a written Incident of Noncompliance, directing you to take required corrective action within a specific time period. If the noncompliance continues or is of a serious nature, we will take one or more of the following actions:

(1) Enter your lease, and correct any deficiencies at your expense;

(2) Collect all or part of your bond;

(3) Direct modification or shutdown of your operations; and

(4) Take action against a lessee who is ultimately responsible for noncompliance.

(b) Noncompliance may result in BLM canceling your lease. See 43 CFR 3213.23 through 3213.25.

**Subpart 3266 -- Confidential, Proprietary Information**

**Sec. 3266.10 Will BLM disclose information I submit under these regulations?**

**Sec. 3266.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

**Sec. 3266.12 How long will information I give BLM remain confidential or proprietary?**

**Sec. 3266.10 Will BLM disclose information I submit under these regulations?**

All Federal and Indian data and information submitted to the BLM are subject to part 2 of this title. Part 2 includes the regulations of the Department of the Interior covering public disclosure of data and information contained in Department of Interior records. Certain mineral information not protected from disclosure under part 2 may be made available for inspection without a Freedom Of Information Act (FOIA) request. BLM will not treat surface location, surface elevation, or well status information as confidential.

**Sec. 3266.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

When you submit data and information that you believe to be exempt from disclosure by 43 CFR part 2, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by 43 CFR 2.13(c).

**Sec. 3266.12 How long will information I give BLM remain confidential or proprietary?**

The FOIA does not provide a finite period of time for which information may be exempt from disclosure to public. Each situation will need to be reviewed individually and in accordance with guidance provided by 43 CFR part 2.

**Subpart 3267 -- Geothermal Drilling Operations Relief and Appeals**

**Sec. 3267.10 May I request a variance from any BLM requirements which apply to my drilling operations?**

**Sec. 3267.11 How may I appeal a BLM decision regarding my drilling operations?**

**Sec. 3267.10 May I request a variance from any BLM requirements which apply to my drilling operations?**

(a) Yes, you may request a variance regarding your approved drilling operations from the requirements of 43 CFR 3200.4. Your request must include enough information to explain:

(1) Why you cannot comply; and

(2) Why you need the variance to control your well, conserve natural resources, protect public health and safety, property, or the environment.

(b) We may approve your request verbally or in writing. If BLM gives you a verbal approval, we will follow up with written confirmation.

**Sec. 3267.11 How may I appeal a BLM decision regarding my drilling operations?**

You may appeal our decisions regarding your drilling operations in accordance with 43 CFR 3200.5.

**Subpart 3270 -- Unitization of Geothermal Resources - General**

**Sec. 3270.10 What types of geothermal operations are governed by the utilization regulations?**

**Sec. 3270.11 What general standards apply to my utilization operations?**

**Sec. 3270.12 What other orders or instructions may BLM issue me?**

**Sec. 3270.10 What types of geothermal operations are governed by the utilization regulations?**

(a) The regulations in 43 CFR subparts 3270 through 3279 cover the permitting and operating procedures for the utilization of geothermal resources. This includes:

(1) Electrical generation facilities;

(2) Direct use facilities;

(3) Related utilization facility operations;

(4) Actual and allocated well field production and injection; and

(5) Related well field operations.

(b) The utilization regulations in subparts 3270 through 3279 do not address conducting exploration operations, which are covered in subpart 3250 of this part, or drilling wells intended for production or injection, which are covered in subpart 3260 of this part.

**Sec. 3270.11 What general standards apply to my utilization operations?**

Your utilization operations must:

- (a) Meet all operational and environmental standards;
- (b) Prevent unnecessary impacts to surface and subsurface resources;
- (c) Result in the maximum ultimate recovery;
- (d) Result in the beneficial use of geothermal resources with minimum waste;
- (e) Protect public health, safety and property; and,
- (f) Comply with the requirements of 43 CFR 3200.4.

**Sec. 3270.12 What other orders or instructions may BLM issue me?**

- (a) Geothermal resource operational orders, for detailed requirements that apply nationwide;
- (b) Notices to lessees, for detailed requirements on a statewide or regional basis;
- (c) Other orders and instructions specific to a field or area;
- (d) Permit conditions of approval; and
- (e) Verbal orders which will be confirmed in writing.

**Subpart 3271 -- Unitization Operations: Getting a Permit**

**Sec. 3271.10 What do I need to start preparing a site and building and testing a utilization facility on Federal land leased for geothermal resources?**

**Sec. 3271.11 Who may apply for a permit to build a utilization facility?**

**Sec. 3271.12 What do I need to start preliminary site investigations which may disturb the surface?**

**Sec. 3271.13 What do I need to start building and testing a utilization facility which is not located on Federal lands leased for geothermal resources, but the pipelines and facilities connecting the well field are?**

**Sec. 3271.14 How do I get a permit to begin commercial operations?**

### **Sec. 3271.10 What do I need to start preparing a site and building and testing a utilization facility on Federal land leased for geothermal resources?**

If you want to use Federal land to produce geothermal power, you have to get a site license and construction permit before you even start preparing the site. Send BLM a plan that shows what you want to do and write up a proposed site license agreement that you think is fair and reasonable. We will review it and decide whether or not to give you a permit and license to proceed with work on the site. Until and unless we do, don't even think about it.

### **Sec. 3271.11 Who may apply for a permit to build a utilization facility?**

The lessee, the facility operator, or the unit operator may apply to build a utilization facility.

### **Sec. 3271.12 What do I need to start preliminary site investigations which may disturb the surface?**

(a) You must:

- (1) Fully describe your proposed operations in a sundry notice; and,
  - (2) File a bond meeting the requirements of either 43 CFR 3251.15 or 3273.19. See Subparts 3214 and 3215 for additional details on bonding procedures.
- (b) Do not begin the site investigation or surface disturbing activity until BLM approves your sundry notice and bond.

### **Sec. 3271.13 What do I need to start building and testing a utilization facility which is not located on Federal lands leased for geothermal resources, but the pipelines and facilities connecting the well field are?**

(a) Before constructing pipelines and well field facilities on Federal lands leased for geothermal resources, the lessee, unit operator or facility operator must submit your utilization plan and facility construction permit addressing any pipelines or facilities. Do not start construction of your pipelines or facilities until BLM approves your utilization plan and facility construction permit.

(b) Before testing a utilization facility which is not located on Federal lands leased for geothermal resources with Federal geothermal resources, send us a sundry notice which describes the testing schedule and the amount of Federal resources you expect to be delivered to the facility during the testing. Do not start delivering Federal geothermal resources to the facility until we approve your sundry notice.

(c) You do not need a BLM permit to construct a facility located on either: (1) Private land; or (2) Lands where the surface is privately owned and BLM has leased the underlying Federal geothermal resources, when the facility will utilize Federal geothermal resources.

### **Sec. 3271.14 How do I get a permit to begin commercial operations?**

Before using Federal geothermal resources, the lessee, operator, or facility operator must send us a complete commercial use permit (43 CFR 3274.11). This also applies when you use Federal resources allocated through any form of agreement. Do not start any commercial use operations until BLM approves your commercial use permit.

**Subpart 3272 -- What is a Unitization Plan and Facility Construction Permit?**

**Sec. 3272.10 What must I give BLM in my utilization plan?**

**Sec. 3272.11 How should I describe the proposed utilization facility? Your description must include:**

**Sec. 3272.12 How do I describe the environmental protection measures I intend to take?**

**Sec. 3272.13 How will BLM review my utilization plan and notify me of their decision?**

**Sec. 3272.14 How do I get a permit to construct or test my facility?**

**Sec. 3272.10 What must I give BLM in my utilization plan?**

Describe the proposed facilities as set out in 43 CFR 3272.11, and the anticipated environmental impacts and how you propose to mitigate those impacts, as set out at 3272.12.

**Sec. 3272.11 How should I describe the proposed utilization facility?**

Your description must include:

- (a) A generalized description of all proposed structures and facilities, including their size, location, and function;
- (b) A generalized description of proposed facility operations, including estimated total production and injection rates; estimated well flow rates, pressures, and temperatures; facility net and gross electrical generation; and, if applicable, interconnection with other utilization facilities. If it is a direct use facility, send us the information we need to determine the amount of resource utilized;
- (c) A contour map of the entire utilization site, showing production and injection well pads, pipeline routes, facility locations, drainage structures, and existing and planned access and lateral roads;
- (d) A description of site preparation and associated surface disturbance, including the source for site or road building materials, amounts of cut and fill, drainage structures, analysis of all site evaluation studies prepared for the site(s), and a description of any additional tests, studies, or surveys which are planned to assess the geologic suitability of the site(s);
- (e) The source, quality, and proposed consumption rate of water used during facility operations, and the source and quantity of water used during facility construction;
- (f) The methods for meeting air quality standards during facility construction and operation, especially standards concerning noncondensable gases;
- (g) An estimated number of personnel needed during construction and operation of the facility;

- (h) A construction schedule;
- (i) A schedule for testing of the facility and/or well equipment, and for the start of commercial operations;
- (j) A description of architectural landscaping or other measures to minimize visual impacts; and
- (k) Any additional information or data which we may require.

**Sec. 3272.12 How do I describe the environmental protection measures I intend to take?**

(a) Describe, at a minimum, your proposed measures to:

- (1) Prevent or control fires;
- (2) Prevent soil erosion;
- (3) Protect surface or ground water;
- (4) Protect fish and wildlife;
- (5) Protect cultural, visual, and other natural resources;
- (6) Minimize air and noise pollution; and
- (7) Minimize hazards to public health and safety during normal operations.

(b) If we require, you must also describe how you will monitor your facility operations to ensure they comply with the requirements of 43 CFR 3200.4, and noise, air, and water quality standards at all times. We will consult with another involved surface management agency regarding monitoring requirements. You must also include provisions for monitoring other environmental parameters we may require.

(c) Based on what level of impacts your operations may cause, we may require you to collect data concerning existing air and water quality, noise, seismicity, subsidence, ecological systems, or other environmental information for up to one year before you begin operating. We must approve your data collection methodologies, and will consult with any other surface managing agency involved.

(d) You must also describe how you will abandon utilization facilities and restore the site, to comply with the requirements of 43 CFR 3200.4.

(e) Finally, submit any additional information or data which we may require.

**Sec. 3272.13 How will BLM review my utilization plan and notify me of their decision?**

(a) When BLM receives your utilization plan, we will make sure it is complete and review it for compliance with 43 CFR 3200.4.

(b) If another Federal agency manages the surface of your lease, we will consult with them as part of the plan review.

(c) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.

**Sec. 3272.14 How do I get a permit to construct or test my facility?**

(a) Before constructing or testing a utilization facility, you must submit to BLM a:

(1) Utilization plan;

(2) Complete and signed facility construction permit; and,

(3) Complete and signed site licence. (See subpart 3273.)

(b) Do not start constructing or testing your utilization facility until we have approved both your facility construction permit and your site license.

(c) After our review, we will notify you whether we have approved or denied your permit, as well as any conditions we require for conducting operations.

**Subpart 3273 -- How to Apply for a Site License**

**Sec. 3273.10 When do I need a site license for a utilization facility?**

**Sec. 3273.11 Are there any situations where I do not need a site license?**

**Sec. 3273.12 How will BLM review my site license application?**

**Sec. 3273.13 Are any lands not available for geothermal site licenses?**

**Sec. 3273.14 What area does a site license cover?**

**Sec. 3273.15 What must I give BLM in my site license application?**

**Sec. 3273.16 What is the annual rent for a site license?**

**Sec. 3273.17 May BLM reassess the annual rent for my site license?**

**Sec. 3273.18 Must all facility operators pay the annual site license rent?**

**Sec. 3273.19 What are the bonding requirements for a site license?**

**Sec. 3273.20 When will BLM release my bond?**

**Sec. 3273.21 What are my obligations under the site license?**

**Sec. 3273.22 How long will my site license remain in effect?**

**Sec. 3273.23 May I renew my site license?**

**Sec. 3273.24 May BLM terminate my site license?**

**Sec. 3273.25 May I relinquish my site license?**

**Sec. 3273.26 May I assign or transfer my site license?**

**Sec. 3273.10 When do I need a site license for a utilization facility?**

You must obtain a site license approved by BLM unless your facility will be located on lands leased described under 43 CFR 3273.11. Do not start building or testing your utilization facility on lands leased by BLM for geothermal resources until we have approved both your facility construction permit (See 3272.14) and your site license. The facility operator must apply for the license.

**Sec. 3273.11 Are there any situations where I do not need a site license?**

Yes, you do not need one if your facility will be located:

- (a) On private lands or on split estate land where the United States does not own the surface; or
- (b) On Federal lands not leased for geothermal resources. In these cases, the Federal surface management agency will issue you the permit you need.

**Sec. 3273.12 How will BLM review my site license application?**

- (a) When we receive your site license application, we will make sure it is complete. If we need more information for our review, we will contact you for that information and stop our review until we receive the information.
- (b) If your site license is located on leased lands managed by the Department of Agriculture, we will consult with the agency and obtain concurrence before we approve your application. The agency may require additional license terms and conditions.
- (c) If the land is subject to section 24 of the Federal Power Act, we will issue the site license with the terms and conditions requested by the Federal Energy Regulatory Commission.
- (d) If another Federal agency manages the surface, we will consult with them to determine if they recommend additional license terms and conditions.
- (e) After our review, we will notify you whether we approved or denied your license, as well as any additional conditions we require.

**Sec. 3273.13 Are any lands not available for geothermal site licenses?**

Yes. BLM will not issue site licenses for lands that are not leased or not available for geothermal leasing. See 43 CFR 3201.11.

**Sec. 3273.14 What area does a site license cover?**

The site license covers a reasonably compact tract of Federal land, limited to as much of the surface as is necessary to adequately utilize geothermal resources. That means the site license area will only include the utilization facility itself and other necessary structures, such as substations and processing, repair, or storage facilities areas.

**Sec. 3273.15 What must I give BLM in my site license application?**

(a) A description of the boundaries of the land applied for, as determined by a certified licensed surveyor. Describe the land by legal subdivision, section, township and range, or by approved protraction surveys, if applicable;

(b) The affected acreage;

(c) A non-refundable fee of \$50;

(d) A site license bond (See 43 CFR 3273.19);

(e) The first year's rent, if applicable (see 43 CFR 3273.18); and

(f) Documentation that the lessee or unit operator accepts the siting of the facility, if the facility operator is neither the lessee nor unit operator.

### **Sec. 3273.16 What is the annual rent for a site license?**

We will specify the amount in your license, if you are required to pay rent. (See 43 CFR 3273.18.) Your rent will be at least \$100 per acre or fraction thereof for an electrical generation facility, and at least \$10 per acre or fraction thereof for a direct use facility. Send the first year's rent to BLM, and all subsequent rental payments to MMS under 30 CFR part 218.

### **Sec. 3273.17 May BLM reassess the annual rent for my site license?**

Yes, we may reassess the rent for lands covered by the license beginning with the tenth year and every ten years after that.

### **Sec. 3273.18 Must all facility operators pay the annual site license rent?**

No, if you are a lessee siting a utilization facility on your own lease, or a unit operator siting a utilization facility on leases committed to the unit, you do not need to pay rent. Only a facility operator who is not also a lessee or unit operator must pay rent.

### **Sec. 3273.19 What are the bonding requirements for a site license?**

(a) For an electrical generation facility, the facility operator must submit a surety or personal bond for at least \$100,000, and which meets the requirements of subpart 3214. BLM may increase the required bond amount. See subparts 3214 and 3215 for additional details on bonding procedures.

(b) For a direct use facility, the facility operator must furnish BLM with a surety or personal bond that meets the requirements of subpart 3214 in an amount BLM will specify.

(c) The bond's terms must cover compliance with the requirements of 43 CFR 3200.4.

(d) Until you provide a bond and BLM approves it, do not start construction, testing, or anything else that would disturb the surface.

### **Sec. 3273.20 When will BLM release my bond?**

We will release your bond after you request it and we determine that you have:

- (a) Reclaimed the land; including removing the utilization facility and all associated equipment; and
- (b) Met all the requirements of 43 CFR 3200.4.

### **Sec. 3273.21 What are my obligations under the site license?**

As the facility operator, you:

- (a) Must comply with the requirements of 43 CFR 3200.4;
- (b) Are liable for all damages to the lands, property or resources of the United States caused by yourself, your employees, contractors or the contractors' employees;
- (c) Must indemnify the United States against any liability for damages or injury to persons or property arising from the occupancy or use of the lands authorized under the site license; and
- (d) Must remove all structures and restore any disturbed surface, when no longer needed for facility construction or operation. This applies to the utilization facility if you cannot operate the facility and you are not diligent in your efforts to return the facility to operation.

### **Sec. 3273.22 How long will my site license remain in effect?**

- (a) The primary term is 30 years, with a preferential right to renew the license under terms and conditions set by BLM.
- (b) If your lease on which the site license is located ends, you may apply for a facility permit under section 501 of FLPMA, 43 U.S.C. 1761, if your facility is on BLM-managed lands. Otherwise, you must get permission to continue using the surface for your facility from the surface management agency.

### **Sec. 3273.23 May I renew my site license?**

- (a) You have a preferential right to renew your site license under terms and conditions we determine.
- (b) If your site license is located on leased lands managed by the Department of Agriculture, we will consult with the Federal surface management agency and obtain concurrence prior to renewing your license. The agency may require additional license terms and conditions. If another federal agency manages the surface, we will consult with them before granting your renewal.

### **Sec. 3273.24 May BLM terminate my site license?**

Yes, by written order. To prevent termination, you will have 30 days after you receive the order to correct the violation, unless we determine the violation cannot be corrected within 30 days and you are diligently attempting to correct it. We may terminate your site license if you:

(a) Do not comply with the requirements of 43 CFR 3270.11; or

(b) Do not comply with the requirements of 43 CFR 3200.4.

**Sec. 3273.25 May I relinquish my site license?**

Yes. Send us a written notice for review and approval. We will not approve the relinquishment until you comply with 43 CFR 3273.21.

**Sec. 3273.26 May I assign or transfer my site license?**

Yes, you may transfer your site license in whole or in part. Send us your complete and signed transfer application and a \$50 filing fee. Your application must include a written statement that the transferee will comply with all license terms and conditions, and that the lessee accepts the transfer. The transferee must submit a bond meeting the requirements of 43 CFR 3273.19. The transfer is not effective until we approve the bond and site license transfer.

**Subpart 3274 -- Applying for and Obtaining a Commercial Use Permit**

**Sec. 3274.10 Do I need a commercial use permit to start commercial operations?**

**Sec. 3274.11 What must I give BLM to approve my commercial use permit application?**

**Sec. 3274.12 How will BLM review my commercial use permit application?**

**Sec. 3274.13 May I get a permit even if I cannot currently demonstrate I can operate within required standards?**

**Sec. 3274.10 Do I need a commercial use permit to start commercial operations?**

You need your commercial use permit approved by BLM before you begin commercial operations from a Federal lease, a Federal unit, or your utilization facility.

**Sec. 3274.11 What must I give BLM to approve my commercial use permit application?**

Submit a complete and signed commercial permit form with the following information:

(a) The design, specifications, inspection, and calibration schedule of production, injection, and royalty meters;

(b) A schematic diagram of the utilization site or individual well showing the location of each production and royalty meter. If the sales point is located off the utilization site, give us a generalized schematic diagram of the electrical transmission or pipeline system, including meter locations;

(c) A copy of the sales contract for the sale and/or utilization of geothermal resources;

(d) A description and analysis of reservoir, production, and injection characteristics, including the flow rates, temperatures, and pressures of each production and injection well;

- (e) A schematic diagram of each production or injection well showing the wellhead configuration, including meters;
- (f) A schematic flow diagram of the utilization facility, including interconnections with other facilities, if applicable;
- (g) A description of the utilization process in sufficient detail to enable BLM to determine if the resource will be utilized in an acceptable manner;
- (h) The planned safety provisions for emergency shutdown to protect public health, safety, property and the environment. This should include a schedule for the testing and maintenance of safety devices;
- (i) The environmental and operational parameters that will be monitored during the operation of the facility and/or well(s); and
- (j) Any additional information or data that we may require.

**Sec. 3274.12 How will BLM review my commercial use permit application?**

- (a) When we receive your complete and signed commercial use permit, we will make sure it is complete and review it for compliance with the requirements of 43 CFR 3200.4.
- (b) If another Federal agency manages the surface of your lease, we will consult with them before we approve your commercial use permit.
- (c) We will review your commercial use permit to make sure it conforms with your utilization plan and any mitigation measures we developed while reviewing your plan.
- (d) We will check your commercial use permit for technical adequacy and will ensure that your meters meet the accuracy standards. See 43 CFR 3275.14 and 3275.15.
- (e) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.
- (f) After our review, we will notify you whether your permit has been approved or denied, as well as any conditions we require for conducting operations.

**Sec. 3274.13 May I get a permit even if I cannot currently demonstrate I can operate within required standards?**

Yes, but we may limit your operations to a set period of time, during which we will give you a chance to show you can operate within environmental and operational standards, based on actual facility and well data you collect. Send us a sundry notice to get BLM approval for extending your permit. If during this set time period you still cannot demonstrate your ability to operate within the required standards, we will terminate your authorization. You must then stop all operations and restore the surface to the standards we set in the termination notice.

## **Subpart 3275 -- Conducting Unitization Operations**

**Sec. 3275.10 How do I change my operations if I have an approved facility construction or commercial use permit?**

**Sec. 3275.11 What are a facility operator's obligations?**

**Sec. 3275.12 What environmental and safety requirements apply to facility operations?**

**Sec. 3275.13 Does the facility operator have to measure the geothermal resources?**

**Sec. 3275.14 What aspects of my geothermal operations must I measure?**

**Sec. 3275.15 How accurately must I measure my production and utilization?**

**Sec. 3275.16 What standards apply to installing and maintaining my meters?**

**Sec. 3275.17 What must I do if I find an error in a meter?**

**Sec. 3275.18 May BLM require me to test for byproducts associated with geothermal resource production?**

**Sec. 3275.19 May I commingle production?**

**Sec. 3275.20 What will BLM do if I waste geothermal resources?**

**Sec. 3275.21 May BLM order me to drill and produce wells on my lease?**

**Sec. 3275.10 How do I change my operations if I have an approved facility construction or commercial use permit?**

Send us a complete and signed sundry notice describing your proposed change. Until we approve your sundry notice, you must continue to comply with the original permit terms.

**Sec. 3275.11 What are a facility operator's obligations?**

(a) Your obligations are to:

(1) Keep the facility in proper operating condition at all times;

(2) Conduct training during your operation which ensure your personnel are capable of performing emergency procedures quickly and effectively;

(3) Use properly maintained equipment; and

(4) Use operational practices which allow for quick and effective emergency response.

(b) Base the design of the utilization facility siting and operation on sound engineering principles and other pertinent geologic and engineering data; and,

(c) Prevent waste of, or damage to, geothermal and other energy and minerals resources.

(d) Comply with the requirements of 43 CFR 3200.4.

**Sec. 3275.12 What environmental and safety requirements apply to facility operations?**

(a) You must perform all utilization facility operations to:

- (1) Protect the quality of surface and subsurface waters, air, and other natural resources, including wildlife, soil, vegetation, and natural history;
  - (2) Prevent unnecessary or undue degradation of the lands;
  - (3) Protect the quality of cultural, scenic and recreational resources;
  - (4) Accommodate other land uses as much as possible;
  - (5) Protect people and wildlife from unacceptable levels of noise;
  - (6) Prevent injury; and
  - (7) Prevent damage to property.
- (b) You must monitor facility operations to identify and address local environmental resources and concerns associated with your facility or lease operations.
- (c) You must remove or, with BLM approval, properly store all equipment and materials not in use.
- (d) You must properly abandon and reclaim any disturbed surface to standards approved or prescribed by us, when the land is no longer needed for facility construction or operation.
- (e) When we require, you must submit a contingency plan describing procedures to protect public health and safety, property, and the environment.
- (f) You must comply with the requirements of 43 CFR 3200.4.

**Sec. 3275.13 Does the facility operator have to measure the geothermal resources?**

Yes, the facility operator must:

- (a) Measure all production, injection and utilization in accordance with methods and standards we approve (see 43 CFR 3275.15); and
- (b) Maintain and test all metering equipment. If your equipment is defective or out of tolerance, you must promptly recalibrate, repair, or replace it. Determine the amount of production and/or utilization in accordance with the methods and procedures we approve (See 43 CFR 3275.17).

**Sec. 3275.14 What aspects of my geothermal operations must I measure?**

- (a) For all well operations, you must measure wellhead flow, wellhead temperature, and wellhead pressure.
- (b) For all electrical generation facilities, you must measure:
  - (1) Steam and/or hot water flow into the facility;

- (2) Temperature of the water and/or steam into the facility;
- (3) Pressure of the water and/or steam into the facility;
- (4) Gross electricity generated;
- (5) Net electricity at the facility tailgate;
- (6) Electricity delivered to the sales point; and
- (7) Temperature of the steam and/or hot water exiting the facility.

(c) For direct use facilities, you must measure:

- (1) Flow of steam and/or hot water;
- (2) Temperature into the facility; and
- (3) Temperature out of the facility.

(d) We may also require additional measurements depending on the type of facility, the type and quality of the resource, and the terms of the sales contract.

### **Sec. 3275.15 How accurately must I measure my production and utilization?**

It depends on whether you use the meter in calculating Federal production or royalty, and what quantity of resource you are measuring.

(a) For meters that you use to calculate Federal royalty:

- (1) If the meter measures electricity, it must have an accuracy of 0.25% or better of reading;
- (2) If the meter measures steam flowing more than 100,000 lbs/hr on a monthly basis, it must have an accuracy of 2 percent or better of reading;
- (3) If the meter measures steam flowing less than 100,000 lbs/hr on a monthly basis, it must have an accuracy of 4 percent or better of reading;
- (4) If the meter measures water flowing more than 500,000 lbs/hr on a monthly basis, it must have an accuracy of 2 percent or better of reading;
- (5) If the meter measures water flowing 500,000 lbs/hr or less on a monthly basis, it must have an accuracy of 4 percent or better of reading;
- (6) If the meter measures heat content, it must have an accuracy of 4 percent or better; or

(7) If the meter measures two phase flow at any rate, we will determine meter accuracy requirements. You must obtain our prior written approval before installing and using meters for two phase flow.

(b) Any meters that you do not use to calculate Federal royalty are considered production meters, which must maintain an accuracy of 5 percent or better of reading.

(c) We may modify these requirements as necessary to protect the interests of the United States.

**Sec. 3275.16 What standards apply to installing and maintaining my meters?**

(a) You must install and maintain all meters we require according to the manufacturer's recommendations and specifications or paragraphs (b) through (e) of this section, whichever is more restrictive.

(b) If you use an orifice plate to calculate Federal royalty, the orifice plate installation must comply with "API Manual of Petroleum Standards, Chapter 14, Section 3, part 2, Third Edition, February, 1991."

(c) For meters used to calculate Federal royalty, you must calibrate the meter against a known standard as follows:

(1) You must calibrate meters measuring electricity annually;

(2) You must calibrate meters measuring steam or hot water flow with a turbine, vortex, ultrasonics, or other linear devices, every six months, or as recommended by the manufacturer, whichever is more frequent; and

(3) You must calibrate meters measuring steam or hot water flow with an orifice plate, venturi, pitot tube, or other differential device, every month and you must inspect and repair the primary device (orifice plate, venturi, pitot tube) annually.

(d) You must use calibration equipment that is more accurate than the equipment you are calibrating.

(e) BLM may modify any of these requirements as necessary to protect the resources of the United States.

**Sec. 3275.17 What must I do if I find an error in a meter?**

(a) If you find an error in a meter used to calculate Federal royalty, you must correct the error immediately and notify BLM by the next working day of its discovery.

(b) If the meter is not used to calculate Federal royalty, you must correct the error and notify us within three days of its discovery.

(c) If correcting the error will cause a change in the sales quantity of more than 2% for the month(s) in which the error occurred, you must adjust the sales quantity for that month(s) and submit an amended facility report to us within three working days.

**Sec. 3275.18 May BLM require me to test for byproducts associated with geothermal resource production?**

Yes, you must conduct any tests we require, including tests for byproducts.

**Sec. 3275.19 May I commingle production?**

To request approval to commingle production, send us a complete and signed sundry notice. We will review your request to commingle production from wells on your lease with production from your other leases or from leases where you do not have an interest. Do not commingle production until we have approved your sundry notice.

**Sec. 3275.20 What will BLM do if I waste geothermal resources?**

We will determine the amount of any resources you have lost through waste. If you did not take all reasonable precautions to prevent waste, we will require you to pay compensation based on the value of the lost production. If you do not adequately correct the situation, we will follow the noncompliance procedures identified at 43 CFR 3277.12.

**Sec. 3275.21 May BLM order me to drill and produce wells on my lease?**

Yes, when necessary to protect Federal interests, prevent drainage and to ensure that lease development and production occur in accordance with sound operating practices.

**Subpart 3276 -- Reports: Unitization Operations**

**Sec. 3276.10 What are my reporting requirements for facility and lease operations involving Federal geothermal resources?**

**Sec. 3276.11 What information must I include for each well in the monthly report of well operations?**

**Sec. 3276.12 What information must I give BLM in the monthly report for facility operations?**

**Sec. 3276.13 What extra information must I give BLM in the monthly report for flash and dry steam facilities?**

**Sec. 3276.14 What information must I give BLM in the monthly report for direct use facilities?**

**Sec. 3276.15 Must I notify BLM of accidents occurring at my utilization facility?**

**Sec. 3276.10 What are my reporting requirements for facility and lease operations involving Federal geothermal resources?**

(a) When you begin commercial production and operation, you must notify us in writing within five business days.

(b) Submit complete and signed monthly reports to BLM as follows:

(1) If you are a lessee or unit operator supplying Federal geothermal resources to a utilization facility on Federal land leased for geothermal resources, submit a monthly report of well operations for all wells on your lease or unit.

(2) If you are the operator of a utilization facility on Federal land leased for geothermal resources, submit a monthly report of facility operations.

(3) If you are both a lessee or unit operator and the operator of a utilization facility on Federal land leased for geothermal resources, you may combine the requirements of paragraphs (b)(1) and (b)(2) of this section into one report.

(4) If you are a lessee or unit operator supplying Federal geothermal resources to a utilization facility not located on Federal land leased for geothermal resources, and the sales point for the resource utilized is at the facility tailgate, submit all the requirements of paragraphs (b)(1) and (b)(2) of this section. You may combine these into one report.

(c) Unless BLM grants a variance, your reports are due by the end of the month following the month that the report covers. For example, the report covering the month of July is due by August 31.

**Sec. 3276.11 What information must I include for each well in the monthly report of well operations?**

(a) Any drilling operations or changes made to a well;

(b) Total production or injection in thousands of pounds (klbs);

(c) Production or injection temperature in degrees Fahrenheit (deg.F);

(d) Production or injection pressure in pounds per square inch (psi). You must also specify whether this is gauge pressure (psig) or absolute pressure (psia);

(e) The number of days the well was producing or injecting;

(f) The well status at the end of the month;

(g) The amount of steam or hot water lost to venting or leakage, if the amount is greater than 0.5 percent of total lease production. We may modify this standard by a written order describing the change;

(h) The lease number or unit name where the well is located;

(i) The month and year the report applies to;

(j) Your name, title, signature, and a phone number where BLM may contact you; and

(k) Any other information that we may require.

**Sec. 3276.12 What information must I give BLM in the monthly report for facility operations?**

(a) For all electrical generation facilities, include in your monthly report of facility operations:

- (1) Mass of steam and/or hot water used or brought into the facility, in klbs. For facilities using both steam and hot water, you must report the mass of each;
- (2) The temperature of the steam or hot water in deg.F;
- (3) The pressure of the steam or hot water in psi. You must also specify whether this is psig or psia;
- (4) Gross generation in kiloWatt hours (kWh);
- (5) Net generation at the tailgate of the facility in kWh;
- (6) Temperature in deg.F and volume of the steam or hot water exiting the facility;
- (7) The number of hours the plant was on line;
- (8) A brief description of any outages; and
- (9) Any other information we may require.

(b) For electrical generation facilities where Federal royalty is based on the sale of electricity to a utility, you must include the following additional information in your monthly report of facility operations:

- (1) Amount of electricity delivered to the sales point in kWh, if the sales point is different from the tailgate of the facility;
- (2) Amount of electricity lost to transmission;
- (3) A report from the utility purchasing the electricity which documents the total number of kWhs delivered to the sales point during the month, or monthly reporting period if it is not a calendar month, and the number of kWhs delivered during diurnal and seasonal pricing periods; and
- (4) Any other information we may require.

**Sec. 3276.13 What extra information must I give BLM in the monthly report for flash and dry steam facilities?**

In addition to the regular monthly report information, send us:

- (a) Steam flow into the turbine in klbs; for dual flash facilities, you must separate the steam flow into high pressure steam and low pressure steam;

- (b) Condenser pressure in psia;
- (c) Condenser temperature in deg.F;
- (d) Auxiliary steam flow used for gas ejectors, steam seals, pumps, etc., in klbs;
- (e) Flow of condensate out of the plant (after the cooling towers) in klbs; and
- (f) Any other information we may require.

**Sec. 3276.14 What information must I give BLM in the monthly report for direct use facilities?**

- (a) A daily breakdown of flow, average temperature in, and average temperature out, in deg.F;
- (b) Total monthly flow through the facility in thousands of gallons (kgal) or klbs;
- (c) Monthly average temperature in, in deg.F;
- (d) Monthly average temperature out, in deg.F;
- (e) Total heat used in millions of BTU's (MMBTU);
- (f) Number of hours that geothermal heat was used; and
- (g) Any other information we may require.

**Sec. 3276.15 Must I notify BLM of accidents occurring at my utilization facility?**

Yes, you must verbally inform us of all accidents that affect operations or create environmental hazards within 24 hours after the accident. When you contact us, we may require you to submit a report fully describing the incident.

**Subpart 3277 -- Inspections, Enforcement, and Noncompliance**

**Sec. 3277.10 Will BLM inspect my operations?**

**Sec. 3277.11 What records must I keep available for inspection?**

**Sec. 3277.12 What will BLM do if I do not comply with all BLM requirements?**

**Sec. 3277.10 Will BLM inspect my operations?**

(a) Yes, we may inspect all operations to ensure compliance with the requirements of 43 CFR 3200.4. You must give us access to inspect all facilities utilizing Federal geothermal resources during normal operating hours.

**Sec. 3277.11 What records must I keep available for inspection?**

The operator or facility operator must keep all records and information pertaining to the operation of your utilization facility, royalty and production meters, and safety training available for BLM inspection for a period of six years from the time the records or information is created. This includes records and information from meters located off your lease or unit, when BLM needs them to determine resource production to a utilization facility or the allocation of resource production to your lease or unit. Store these records in a place which make them conveniently available.

**Sec. 3277.12 What will BLM do if I do not comply with all BLM requirements?**

(a) We will issue you a written Incident of Noncompliance, directing you to take required corrective action within a specific time period. If the noncompliance continues or is serious in nature, BLM will take one or more of the following actions:

- (1) Enter the lease, and correct any deficiencies at your expense;
- (2) Collect all or part of your bond;
- (3) Order modification or shutdown of your operations; and
- (4) Take action against a lessee who is ultimately responsible for noncompliance.

(b) Noncompliance may result in BLM canceling your lease. See 43 CFR 3213.23 through 3213.25.

**Subpart 3278 -- Confidential, Proprietary Information**

**Sec. 3278.10 Will BLM disclose information I submit under these regulations?**

**Sec. 3278.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

**Sec. 3278.12 How long will information I give BLM remain confidential or proprietary?**

**Sec. 3278.10 Will BLM disclose information I submit under these regulations?**

All Federal and Indian data and information submitted to the BLM are subject to part 2 of this title. Part 2 includes the regulations of the Department of the Interior covering public disclosure of data and information contained in Department of Interior records. Certain mineral information not protected from disclosure under part 2 may be made available for inspection without a Freedom of Information Act (FOIA) request. Examples of information we will not treat information as confidential include:

- (a) Facility location;
- (b) Facility generation capacity; or
- (c) To whom you are selling electricity or produced resources.

**Sec. 3278.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?**

When you submit data and information that you believe to be exempt from disclosure by 43 CFR part 2, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by 43 CFR 2.13(c).

**Sec. 3278.12 How long will information I give BLM remain confidential or proprietary?**

The FOIA does not provide a finite period of time for which information may be exempt from disclosure to public. Each situation will need to be reviewed individually and in accordance with guidance provided by 43 CFR part 2.

**Subpart 3279 -- Unitization Relief and Appeals**

**Sec. 3279.10 May I request a variance from any BLM requirements?**

**Sec. 3279.11 How may I appeal a BLM decision regarding my utilization operations?**

**Sec. 3279.10 May I request a variance from any BLM requirements?**

(a) Yes, you may request a variance regarding your approved utilization operations from the requirements of 43 CFR 3200.4. Your request must include enough information to explain:

(1) Why you cannot comply; and

(2) Why you need the variance to operate your facility, conserve natural resources, protect public health and safety, property, or the environment.

(b) We may approve your request verbally or in writing. If we give you a verbal approval, we will follow up with written confirmation.

**Sec. 3279.11 How may I appeal a BLM decision regarding my utilization operations?**

You may appeal our decision regarding your utilization operations in accordance with 43 CFR 3200.5.

**Part 3280 -- Geothermal Resources Unit Agreements**

**Subpart 3280 -- Geothermal Resources Unit Agreements: General**

**Sec.**

**Sec. 3280.0-1 Purpose**

**Sec. 3280.0-2 Policy**

**Sec. 3280.0-3 Authority**

**Sec. 3280.0-5 Definitions.**

**Subpart 3281 -- Application for Unit Agreement**

**Sec. 3281.1 Preliminary consideration of agreements.**

**Sec. 3281.2 Designation of area.**

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**Sec. 3282.1 Qualifications of unit operator.**

**Subpart 3283 -- Filing and Approval of Documents**

**Sec. 3283.1 Filing of documents and number of counterparts.**

**Sec. 3283.2 Executed agreement.**

**Sec. 3283.2-1 Approval of executed agreement.**

**Sec. 3283.2-2 Review of executed agreement.**

**Sec. 3283.3 Participating area.**

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**Subpart 3284 [Reserved]**

**Subpart 3285 -- Appeals**

**Sec. 3285.1 Appeals.**

**Subpart 3286 -- Model Forms**

**Sec. 3286.1 Model unit agreement: Unproven areas**

**Sec. 3286.1-1 Model Exhibit "A"**

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**Sec. 3286.2 Model Unit Bond**

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**Subpart 3280 -- Geothermal Resources Unit Agreements: General**

**Sec. Sec. 3280.0-1 Purpose**

**Sec. 3280.0-2 Policy**

**Sec. 3280.0-3 Authority**

**Sec. 3280.0-5 Definitions.**

**Sec. 3280.0-1 Purpose.**

The regulations in this part prescribe the procedure to be followed and the requirements to be met by holders of Federal geothermal leases and their representatives who wish to unite with each other, or jointly or separately with others, in collectively adopting and operating under a cooperative or unit plan for the development of any geothermal resources pool, field or like area, or any part thereof.

[48 FR 44792, Sept. 30, 1983]

**Sec. 3280.0-2 Policy.**

Cooperative or unit agreements for the development of any geothermal resources pool, field or like area, or any part thereof, may be initiated by lessees, or where such agreements are deemed necessary in the interest of conserving natural resources, they may be required by the Director.

[48 FR 44792, Sept. 30, 1983]

### **Sec. 3280.0-3 Authority.**

These regulations are issued under the authority of the Geothermal Steam Act of 1970, as amended (30 U.S.C. 10011025) and Order Number 3087, dated December 3, 1982, as amended February 7, 1983 (48 FR 8983), under which the Secretary consolidated and transferred the onshore minerals management functions of the Department, except mineral revenue functions and the leasing of restricted Indian lands, to the Bureau of Land Management.

[48 FR 44792, Sept. 30, 1983]

### **Sec. 3280.0-5 Definitions.**

The following terms, as used in this part or in any agreement approved under the regulations in this part, shall have the meanings here indicated unless otherwise defined in such agreement:

(a) Unit agreement. An agreement or plan of development and operation for the production and utilization of separately owned interests in the geothermal resources made subject thereto as a single consolidated unit without regard to separate ownerships and which provides for the allocation of costs and benefits on a basis defined in the agreement or plan.

(b) Cooperative agreement. An agreement or plan of development and operations for the production and utilization of geothermal resources made subject thereto in which separate ownership units are independently operated without allocation of production.

(c) Agreement. For convenience, the term "agreement" as used in the regulations in this part refers to either a unit or a cooperative agreement as defined in paragraphs (a) and (b) of this section unless otherwise indicated.

(d) Unit area. The area described in a unit agreement as constituting the land logically subject to development under such agreement.

(e) Unitized land. The part of a unit area committed to a unit agreement.

(f) Unitized substances. Deposits of geothermal resources recovered from unitized land by operation under and pursuant to a unit agreement.

(g) Unit operator. The person, association, partnership, corporation, or other business entity designated under a unit agreement to conduct operations on unitized land as specified in such agreement.

(h) Participating area. That part of the Unit Area which is deemed to be productive from a horizon or deposit and to which production would be allocated in the manner described in the unit agreement assuming that all lands are committed to the unit agreement.

(i) Working interest. The interest held in geothermal resources or in lands containing the same by virtue of a lease, operating agreement, fee title, or otherwise, under which, except as otherwise provided in a unit or cooperative agreement, the owner of such interest is vested with the right to explore for, develop, produce, and utilize such resources. The right delegated to the unit operator as such by the unit agreement is not to be regarded as a working interest.

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, Sept. 30, 1983]

## **Subpart 3281 -- Application for Unit Agreement**

### **Sec. 3281.1 Preliminary consideration of agreements.**

### **Sec. 3281.2 Designation of area.**

### **Sec. 3281.3 Parties to unit or cooperative agreement.**

### **Sec. 3281.4 State land.**

### **Sec. 3281.1 Preliminary consideration of agreements.**

The form of unit agreement set forth in Sec. 3286.1 of this title is acceptable for use in unproved areas. The use of this form is not mandatory, but any proposed departure therefrom should be submitted with the application submitted under Sec. 3281.2 of this title for preliminary consideration and for such revision as may be deemed necessary. In areas proposed for unitization in which a discovery of geothermal resources has been made, or where a cooperative agreement is contemplated, the proposed agreement should be submitted with the application submitted under Sec. 3281.2 of this title for preliminary consideration and for such revision as may be deemed necessary. The proposed form of agreement should be submitted in triplicate and should be plainly marked to identify the proposed variances from the form of agreement set forth in Sec. 3286.1 of this title.

### **Sec. 3281.2 Designation of area.**

An application for designation of an area as logically subject to development and/or operation under a unit or cooperative agreement may be filed, in triplicate, by any proponent of such an agreement through the authorized officer. Each copy of the application shall be accompanied by a map or diagram on a scale of not less than 1 inch to 1 mile, outlining the area sought to be designated under this section. The Federal, State, and privately owned land should be indicated on said map by distinctive symbols or colors and Federal geothermal leases and lease applications should be identified by serial number. Geological information, including the results of geophysical surveys, and such other information as may tend to show that unitization is necessary and advisable in the public interest should be furnished in triplicate. Geological and geophysical information and data so furnished will not be available for public inspection, as provided by 5 U.S.C. 552(b), without the consent of the proponent. The application and supporting data will be considered by the Director and the applicant will be informed of the decision reached. The designation of an area, pursuant to an application filed under this section, shall not create an exclusive right to submit an executed agreement for such area, nor preclude the inclusion of such area or any part thereof in another unit area.

### **Sec. 3281.3 Parties to unit or cooperative agreement.**

The owners of any rights, title, or interest in the geothermal resources deposits to be developed and operated under an agreement can be regarded as proper parties to a proposed agreement. All such owners must be invited to join as parties to the agreement. If any owner fails or refuses to join the agreement, the proponent of the agreement should declare this to the authorized officer and should submit evidence of efforts made to obtain joinder of such owner and the reasons for nonjoinder.

#### **Sec. 3281.4 State land.**

Where State-owned land is to be included in the unit, approval of the agreement by appropriate State officials should be obtained prior to its submission to the Department for approval of the executed agreement. When authorized by the laws of the State in which the unitized land is situated, provisions may be made in the agreement accepting State law, to the extent that they are applicable to non-Federal unitized land.

### **Subpart 3282 -- Qualification of Unit Operator**

#### **Sec. 3282.1 Qualifications of unit operator.**

#### **Sec. 3282.1 Qualifications of unit operator.**

A unit operator must qualify as to citizenship in the same manner as those holding interests in geothermal leases issued under the Geothermal Steam Act of 1970. The unit operator may be an owner of a working interest in the unit area or such other party as may be selected by the owners of working interests and approved by the authorized officer. The unit operator shall execute an acceptance of the duties and obligations imposed by the agreement. No designation of, or change in, a unit operator will become effective unless and until approved by the authorized officer, and no such approval will be granted unless the unit operator is deemed qualified to fulfill the duties and obligations prescribed in the agreement.

### **Subpart 3283 -- Filing and Approval of Documents**

#### **Sec. 3283.1 Filing of documents and number of counterparts.**

#### **Sec. 3283.2 Executed agreement.**

#### **Sec. 3283.2-1 Approval of executed agreement.**

#### **Sec. 3283.2-2 Review of executed agreement.**

#### **Sec. 3283.3 Participating area.**

#### **Sec. 3283.4 Plan of development.**

#### **Sec. 3283.5 Return of approved documents.**

#### **Sec. 3283.1 Filing of documents and number of counterparts.**

All proposals and supporting papers, instruments and documents submitted under this part shall be filed with the authorized officer, unless otherwise provided in this part or otherwise instructed by the Director.

[48 FR 44793, Sept. 30, 1983]

#### **Sec. 3283.2 Executed agreement.**

(a) Where a duly executed agreement is submitted for Departmental approval, a minimum of 6 signed counterparts shall be filed. The same number of counterparts shall be filed for documents supplementing, modifying or amending an agreement, including change of operator, designation of a new operator and notice of surrender, relinquishment or termination.

(b) The address of each signatory party to the agreement shall be inserted below the party's signature. Each signature shall be attested to by at least 1 witness, if not notarized. Corporate or other signatures made in a representative capacity shall be accompanied by evidence of the authorization of the signatories to act unless such evidence is already a matter of record in the Bureau of Land Management. (The parties may execute any number of counterparts of the agreement with the same force and effect as if all parties signed the same document, or may execute a ratification of consent in a separate instrument with like force and effect.)

(c) Any modification of an approved agreement shall require approval of the Secretary or his/her duly authorized representative under procedures similar to those cited in Sec. 3283.2-1 of this title.  
[48 FR 44793, Sept. 30, 1983]

#### **Sec. 3283.2-1 Approval of executed agreement.**

A duly executed unit or cooperative agreement shall be approved by the Secretary or his/her duly authorized representative upon a determination that such agreement is necessary or advisable in the public interest and is for the purpose of properly conserving the natural resources, taking into account the environmental consequences of the action. Such approval shall be incorporated in a certificate appended to the agreement. No such agreement shall be approved unless at least 1 of the parties is a holder of a Federal lease embracing lands being committed to the agreement and unless the parties signatory to the agreement hold sufficient interests in the area to give effective control of operations therein.

[48 FR 44793, Sept. 30, 1983]

#### **Sec. 3283.2-2 Review of executed agreement.**

No more than 5 years after approval of any cooperative or unit plan of development or operation, and at least every 5 years thereafter, the authorized officer shall review each plan and, after notice and opportunity for comment, eliminate from such plan any lease or part of a lease not regarded as reasonably necessary for cooperative or unit operations under the plan. Such elimination shall be based on scientific evidence, and shall occur only when it is determined by the authorized officer to be for the purpose of conserving and properly managing the geothermal resource.

[54 FR 13887, Apr. 6, 1989 and 55 FR 26443, June 28, 1990]

#### **Sec. 3283.3 Participating area.**

Each application for approval of a participating area, or revision thereof, shall be accompanied by 3 copies of a substantiating geologic and engineering report, structure contour map(s), cross-section or other pertinent data.

[48 FR 44793, Sept. 30, 1983]

#### **Sec. 3283.4 Plan of development.**

Plans of development and operation, plans of further development and operation and proposed participating areas and revisions thereof shall be submitted in quadruplicate.

[48 FR 44793, Sept. 30, 1983]

**Sec. 3283.5 Return of approved documents.**

All instruments or documents other than plans of development and operation, plans of further development and operation and proposed participating areas and revisions thereof submitted for approval shall be submitted for approval in sufficient number to permit the approving official to return at least 1 approved counterpart.

[48 FR 44793, Sept. 30, 1983]

**Subpart 3284 [Reserved]**

**Subpart 3285 -- Appeals**

**Sec. 3285.1 Appeals.**

**Sec. 3285.1 Appeals.**

Appeals from final orders or decisions issued under the regulations in this part shall be made in the manner provided in Part 4 of this title.

**Subpart 3286 -- Model Forms**

**Sec. 3286.1 Model unit agreement: Unproven areas**

**Sec. 3286.1-1 Model Exhibit "A"**

**Sec. 3286.1-2 Model Exhibit "B"**

**Sec. 3286.2 Model Unit Bond**

**Sec. 3286.3 Model designated successor operator**

**Sec. 3286.4 Model change of operator by assignment**

**Sec. 3286.1 Model unit agreement: Unproven areas.**

Unit Agreement for the Development and Operation of the-----Unit Area County of-----  
State of-----

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-----Unit Agreement-----County

This Agreement entered into as of the-----day of -----, 19----, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto".

WITNESSETH: Whereas the parties hereto are the owners of working, royalty, or other geothermal resources interests in land subject to this Agreement; and

Whereas the Geothermal Steam Act of 1970 (84 Stat. 1566), hereinafter referred to as the "Act", authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a cooperative or unit plan of development or operation of any geothermal resources pool, field, or like area, or any part thereof, for the purpose of more properly conserving the natural resources thereof, whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

Whereas the parties hereto hold sufficient interest in the ----- Unit Area covering the land herein described to effectively control operations therein; and

Whereas, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operations of the area subject to this Agreement under the terms, conditions, and limitations herein set forth;

Now, therefore, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined Unit Area, and agree

severally among themselves as follows:

### **article i--enabling act and regulations**

1.1 The Act and all valid pertinent regulations, including operating and unit plan regulations, heretofore or hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands.

1.2 As to non-Federal lands, the geothermal resources operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

### **article ii--definitions**

2.1 The following terms shall have the meanings here indicated:

(a) Geothermal lease. A lease issued under the act of December 24, 1970 (84 Stat. 1566), pursuant to the leasing regulations contained in 43 CFR Group 3200 and, unless the context indicates otherwise, "lease" shall mean a geothermal lease.

(b) Unit area. The area described in Article III of this Agreement.

(c) Unit operator. The person, association, partnership, corporation, or other business entity designated under this Agreement to conduct operations on Unitized Land as specified herein.

(d) Participating area. That part of the Unit Area which is deemed to be productive from a horizon or deposit and to which production would be allocated in the manner described in the unit agreement assuming that all lands are committed to the unit agreement.

(e) Working interest. The interest held in geothermal resources or in lands containing the same by virtue of a lease, operating agreement, fee title, or otherwise, under which, except as otherwise provided in this Agreement, the owner of such interest is vested with the right to explore for, develop, produce and utilize such resources. The right delegated to the Unit Operator as such by this Agreement is not to be regarded as a Working Interest.

(f) Secretary. The Secretary of the Interior or any person duly authorized to exercise powers vested in that officer.

(g) Director. The Director of the Bureau of Land Management.

(h) Authorized officer. Any person authorized by law or by lawful delegation of authority in the Bureau of Land Management to perform the duties described.

### **article iii--unit area and exhibits**

3.1 The area specified on the map attached hereto marked "Exhibit A" is hereby designated and recognized as constituting the Unit Area, containing-----acres, more or less. The above-described Unit Area shall when practicable be expanded to include therein any additional lands or shall be contracted to exclude lands whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this Agreement.

3.2 Exhibit A attached hereto and made a part hereof is a map showing the boundary of the Unit Area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator.

3.3 Exhibit B attached hereto and made a part thereof is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of geothermal resources interests in all lands in the Unit Area.

3.4 Exhibits A and B shall be revised by the Unit Operator whenever changes in the Unit Area render such revision necessary, or when requested by the authorized officer, and not less than five copies of the revised Exhibits shall be filed with the authorized officer.

#### **article iv--contraction and expansion of unit area**

4.1 Unless otherwise specified herein, the expansion and/or contraction of the Unit Area contemplated in Article 3.1 hereof shall be effected in the following manner:

(a) Unit Operator either on demand of the Director or on its own motion and after prior concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the Unit Area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the authorized officer, and copies thereof mailed to the last known address of each Working Interest Owner, Lessee, and Lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the authorized officer evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the authorized officer, become effective as of the date prescribed in the notice thereof.

4.2 Unitized Leases, insofar as they cover any lands which are excluded from the Unit Area under any of the provisions of this Article IV may be maintained and continued in force and effect in accordance with the terms, provisions, and conditions contained in the Act, and the lease or leases and amendments thereto, except that operations and/or production under this Unit Agreement shall not serve to maintain or continue the excluded portion of any lease.

4.3 All legal subdivisions of unitized lands (i.e., 40 acres by Governmental survey or its nearest lot or tract equivalent in instances of irregular surveys), no part of which is entitled to be within a Participating Area on the fifth anniversary of the effective date of the initial Participating Area established under this Agreement, shall be eliminated automatically from this Agreement effective as of said fifth anniversary and such lands shall no longer be a part of the Unit Area and shall no longer be subject to this Agreement unless diligent drilling operations are in progress on an exploratory well on said fifth anniversary, in which event such lands shall not be eliminated from the Unit Area for as long as exploratory drilling operations are continued diligently with not more than four (4) months time elapsing between the completion of one exploratory well and the commencement of the next exploratory well.

4.4 An exploratory well, for the purposes of this Article IV is defined as any well, regardless of surface location, projected for completion in a zone or deposit below any zone or deposit for which a Participating Area has been established and is in effect, or any well, regardless of surface location, projected for completion at a subsurface location under Unitized Lands not entitled to be within a Participating Area.

4.5 In the event an exploratory well is completed during the four (4) months immediately preceding the fifth anniversary of the initial Participating Area established under this Agreement, lands not entitled to be within a Participating Area shall not be eliminated from this Agreement on said fifth anniversary, provided the drilling of another exploratory well is commenced under an approved Plan of Operation within four (4) months after the completion of said well. In such event, the land not entitled to be in participation shall not be eliminated from the Unit Area so long as exploratory drilling operations are continued diligently with not more than four (4) months time elapsing between the completion of one exploratory well and the commencement of the next exploratory well.

4.6 With prior approval of the authorized officer, a period of time in excess of four (4) months may be allowed to elapse between the completion of one well and the commencement of the next well without the automatic elimination of nonparticipating acreage.

4.7 Unitized lands proved productive by drilling operations which serve to delay automatic elimination of lands under this Article IV shall be incorporated into a Participating Area (or Areas) in the same manner as such lands would have been incorporated in such areas had such lands been proven productive during the year preceding said fifth anniversary.

4.8 In the event nonparticipating lands are retained under this Agreement after the fifth anniversary of the initial Participating Area as a result of exploratory drilling operations, all legal subdivisions of unitized land (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular Surveys), no part of which is entitled to be within a Participating Area shall be eliminated automatically as of the 121 day, or such later date as may be established by the authorized officer, following the completion of the last well recognized as delaying such automatic elimination beyond the fifth anniversary of the initial Participating Area established under this Agreement.

#### **article v--unitized land and unitized substances**

5.1 All land committed to this Agreement shall constitute land referred to herein as "Unitized Land". All geothermal resources in and produced from any and all formations of the Unitized Land are unitized under the terms of this agreement and herein are called "Unitized Substances."

#### **article vi--unit operator**

6.1 ----- is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, production, distribution and utilization of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such an interest is owned by it.

#### **article vii--resignation or removal of unit operator**

7.1 Prior to the establishment of a Participating Area, hereunder, Unit Operator shall have the right to resign. Such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator or terminate Unit Operators rights, as such, for a period of six (6) months after notice of its intention to resign has been served by Unit Operator on all Working Interest Owners and the authorized officer, nor until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the authorized officer, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

7.2 After the establishment of a Participating Area hereunder Unit Operator shall have the right to resign in the manner and subject to the limitations provided in 7.1 above.

7.3 The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of Working Interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the authorized officer.

7.4 The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title, or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, material, and appurtenances used in conducting the unit operations to the new duly qualified successor Unit Operator or, if no such new unit operator is elected, to the common agent appointed to represent the Working Interest Owners in any action taken hereunder to be used for the purpose of conducting operations hereunder.

7.5 In all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for performance of the duties and obligations of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

7.6 The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

#### **article viii--successor unit operator**

8.1 If, prior to the establishment of a Participating Area hereunder, the Unit Operator shall resign as Operator, or shall be removed as provided in Article VII, a successor Unit Operator may be selected by vote of the owners of a majority of the Working Interests in Unitized Substances, based on their respective shares, on an acreage basis, in the Unitized Land.

8.2 If, after the establishment of a Participating Area hereunder, the Unit Operator shall resign as Unit Operator, or shall be removed as provided in Article VII, a successor Unit Operator may be selected by vote of the owners of a majority of the Working Interests in Unitized Substances, based on their respective shares, on a participating acreage basis. Provided, that, if a majority but less than 60 percent of the Working Interest in the Participating Lands is owned by the party to this agreement, a concurring vote of one or more additional Working Interest Owners owning 10 percent or more of the Working Interest in the participating land shall be required to select a new Unit Operator.

8.3 The selection of a successor Unit Operator shall not become effective until:

(a) The Unit Operator so selected shall accept in writing the duties, obligations and responsibilities of the Unit Operator, and

(b) The selection shall have been approved by the authorized officer.

8.4 If no successor Unit Operator is selected and qualified as herein provided, the Director at his election may declare this Agreement terminated.

#### **article ix--accounting provisions and unit operating agreement**

9.1 Costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of Working Interests; all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of Working Interests, whether one or more, separately or collectively.

9.2 Any agreement or agreements entered into between the Working Interest Owners and the Unit Operator as provided in this Article, whether one or more, are herein referred to as the "Unit Operating Agreement".

9.3 The Unit Operating Agreement shall provide the manner in which the Working Interest Owners shall be entitled to receive their respective share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other contracts, and such other rights and obligations, as between Unit Operator and the Working Interest Owners.

9.4 Neither the Unit Operating Agreement nor any amendment thereto shall be deemed either to modify any of the terms and conditions of this Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement.

9.5 In case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, this Agreement shall govern.

9.6 Three true copies of any Unit Operating Agreement executed pursuant to this Article IX shall be filed with the authorized officer prior to approval of this Agreement.

#### **article x--rights and obligations of unit operator**

10.1 The right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting, producing, distributing or utilizing Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as provided in this Agreement in accordance with a Plan of Operations approved by the authorized officer.

10.2 Upon request by Unit Operator, acceptable evidence of title to geothermal resources interests in the Unitized Land shall be deposited with the Unit Operator, and together with this Agreement shall constitute and define the rights, privileges, and obligations of Unit Operator.

10.3 Nothing in this Agreement shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that the Unit Operator, in its capacity as Unit Operator shall exercise the rights of possession and use vested in the parties hereto only for the purposes specified in this Agreement.

10.4 The Unit Operator shall take such measures as the authorized officer deems appropriate and adequate to prevent drainage of Unitized Substances from Unitized Land by wells on land not subject to this Agreement.

10.5 The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this Agreement.

#### **article xi--plan of operation**

11.1 Concurrently with the submission of this Agreement for approval, Unit Operator shall submit an acceptable initial Plan of Operation. Said plan shall be as complete and adequate as the authorized officer may determine to be necessary for timely exploration and/or development and to insure proper protection of the environment and conservation of the natural resources of the Unit Area.

11.2 Prior to the expiration of the initial Plan of Operation, or any subsequent Plan of Operation, Unit Operator shall submit for approval of the authorized officer an acceptable subsequent Plan of Operation for the Unit Area which, when approved by the authorized officer, shall constitute the exploratory and/or development drilling and operating obligations of Unit Operators under this Agreement for the period specified therein.

11.3 Any plan of Operation submitted hereunder shall:

(a) Specify the number and locations of any wells to be drilled and the proposed order and time for such drilling, and

(b) To the extent practicable, specify the operating practices regarded as necessary and advisable for proper conservation of natural resources and protection of the environment in compliance with section 1.1.

11.4 The Plan of Operation submitted concurrently with this Agreement for approval shall prescribe that within six (6) months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the authorized officer, unless on such effective date a well is being drilled conformably with the terms, hereof, and thereafter continue such drilling diligently until the ----- formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (i.e., quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the authorized officer that further drilling of said well would be unwarranted or impracticable, Provided, however, That Unit Operator shall not in any event be required to drill said well to a depth in excess of ----- feet.

11.5 The initial Plan of Operation and/or subsequent Plans of Operation submitted under this article shall provide that the Unit Operator shall initiate a continuous drilling program providing for drilling of no less than one well at a time, and allowing no more than six (6) months time to elapse between completion of one well and the beginning of the next well, until a well capable of producing Unitized Substances in paying quantities is completed to the satisfaction of the authorized officer or until it is reasonably proved that the Unitized Land is incapable of producing Unitized Substances in paying quantities in the formations drilled under this agreement.

11.6 When warranted by unforeseen circumstances, the authorized officer may grant a single extension of any or all of the critical dates for exploratory drilling operations cited in the initial or subsequent Plans of Operation. No such extension shall exceed a period of four (4) months for each well, required by the initial Plan of Operation.

11.7 Until there is actual production of Unitized Substances, the failure of Unit Operator to timely drill any of the wells provided for in Plans of Operation required under this Article XI or to timely submit an acceptable subsequent Plan of Operations, shall, after notice of default or notice of prospective default to Unit Operator by the authorized officer and after failure of Unit Operator to remedy any actual default within a reasonable time (as determined by the authorized officer), result in automatic termination of this Agreement effective as of the date of the default, as determined by the authorized officer.

11.8 Separate Plans of Operations may be submitted for separate productive zones, subject to the approval of the authorized officer. Also subject to the approval of the authorized officer, Plans of Operation shall be modified or supplemented when necessary to meet changes in conditions or to protect the interest of all parties to this Agreement.

## **article xii--participating areas**

12.1 Prior to the commencement of production of Unitized Substances, the Unit Operator shall submit for approval by the authorized officer a schedule (or schedules) of all land then regarded as reasonably proved to be productive from a pool or deposit discovered or developed; all lands in said schedule (or schedules), on approval of the authorized officer, will constitute a Participating Area (or Areas) effective as of the date production commences or the effective date of this Unit Agreement, whichever is later. Said schedule (or schedules) shall also set forth the percentage of Unitized Substances to be allocated, as herein provided, to each tract in the Participating Area (or Areas) so established and shall govern the allocation of production commencing with the effective date of the Participating Area.

12.2 A separate Participating Area shall be established for each separate pool or deposit of Unitized Substances or for any group thereof which is produced as a single pool or deposit and any two or more Participating Areas so established may be combined into one, on approval of the authorized officer. The effective date of any Participating Area established after the commencement of actual production of Unitized Substances shall be the first of the month in which is obtained the knowledge or information on which the establishment of said Participating Area is based, unless a more appropriate effective date is proposed by the Unit Operator and approved by the authorized officer.

12.3 Any Participating Area (or Areas) established under 12.1 or 12.2 above shall, subject to the approval of the authorized officer, be revised from time to time to include additional land then regarded as reasonably proved to be productive from the pool or deposit for which the Participating Area was established or to include lands necessary to unit operations, or to exclude land then regarded as reasonably proved not to be productive from the pool or deposit for which the Participating Area was established or to exclude land not necessary to unit operations and the schedule (or schedules) of allocation percentages shall be revised accordingly.

12.4 Subject to the limitation cited in 12.1 hereof, the effective date of any revision of a Participating Area established under Articles 12.1 or 12.2 shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the authorized officer.

12.5 No land shall be excluded from a Participating Area on account of depletion of the Unitized Substances, except that any Participating Area established under the provisions of this Article XII shall terminate automatically whenever all operations are abandoned in the pool or deposit for which the Participating Area was established.

12.6 Nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of a Participating Area.

### **article xiii--allocation of unitized substances**

13.1 All Unitized Substances produced from a Participating Area, established under this Agreement, shall be deemed to be produced equally on an acreage basis from the several tracts of Unitized Land within the Participating Area established for such production.

13.2 For the purpose of determining any benefits accruing under this Agreement, each Tract of Unitized Land shall have allocated to it such percentage of said production as the number of acres in the Tract included in the Participating Area bears to the total number of acres of Unitized Land in said Participating Area.

13.3 Allocation of production hereunder for purposes other than for settlement of the royalty obligations of the respective Working Interest Owners, shall be on the basis prescribed in the Unit Operating Agreement whether in conformity with the basis of allocation set forth above or otherwise.

13.4 The Unitized Substances produced from a Participating Area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said Participating Area.

#### **article xiv--relinquishment of leases**

14.1 Pursuant to the provisions of the Federal leases and 43 CFR 3244.1, a lessee of record shall, subject to the provisions of the Unit Operating Agreement, have the right to relinquish any of its interests in leases committed hereto, in whole or in part; provided, that no relinquishment shall be made of interests in land within a Participating Area without the prior approval of the Director.

14.2 A Working Interest Owner may exercise the right to surrender, when such right is vested in it by any non-Federal lease, sublease, or operating agreement, provided that each party who will or might acquire the Working Interest in such lease by such surrender or by forfeiture is bound by the terms of this Agreement, and further provided that no relinquishment shall be made of such land within a Participating Area without the prior written consent of the non-Federal Lessor.

14.3 If, as the result of relinquishment, surrender, or forfeiture the Working Interests become vested in the fee owner or lessor of the Unitized Substances, such owner may:

(1) Accept those Working Interest rights and obligations subject to this Agreement and the Unit Operating Agreement; or

(2) Lease the portion of such land as is included in a Participating Area established hereunder, subject to this Agreement and the Unit Operating Agreement; and provide for the independent operation of any part of such land that is not then included within a Participating Area established hereunder.

14.4 If the fee owner or lessor of the Unitized Substances does not, (1) accept the Working Interest rights and obligations subject to this Agreement and the Unit Operating Agreement, or (2) lease such lands as provided in 14.3 above within six (6) months after the relinquished, surrendered, or forfeited Working Interest becomes vested in said fee owner or lessor, the Working Interest benefits and obligations accruing to such land under this Agreement and the Unit Operating Agreement shall be shared by the owners of the remaining unitized Working Interests in accordance with their respective Working Interest ownerships, and such owners of Working Interests shall compensate the fee owner or lessor of Unitized Substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease or leases in effect when the Working Interests were relinquished, surrendered, or forfeited.

14.5 Subject to the provisions of 14.4 above, an appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of any surrendered or forfeited Working Interest subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within thirty (30) days.

14.6 In the event no Unit Operating Agreement is in existence and a mutually acceptable agreement cannot be consummated between the proper parties, the authorized officer may prescribe such reasonable and equitable conditions of agreement as he deems warranted under the circumstances.

14.7 The exercise of any right vested in a Working Interest Owner to reassign such Working Interest to the party from whom obtained shall be subject to the same conditions as set forth in this Article XIV in regard to the exercise of a right to surrender.

#### **article xv--rentals and minimum royalties**

15.1 Any unitized lease on non-Federal land containing provisions which would terminate such lease unless drilling operations are commenced upon the land covered thereby within the time therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provisions of this Agreement, be deemed to accrue as to the portion of the lease not included within a Participating Area and become payable during the term thereof as extended by this Agreement, and until the required drillings are commenced upon the land covered thereby.

15.2 Rentals are payable on Federal leases on or before the anniversary date of each lease year; minimum royalties accrue from the anniversary date of each lease year and are payable at the end of the lease year.

15.3 Beginning with the lease year commencing on or after ----- and for each lease year thereafter, rental or minimum royalty for lands of the United States subject to this Agreement shall be made on the following basis:

(a) An advance annual rental in the amount prescribed in unitized Federal leases, in no event creditable against production royalties, shall be paid for each acre or fraction thereof which is not within a Participating Area.

(b) A minimum royalty shall be charged at the beginning of each lease year (such minimum royalty to be due as of the last day of the lease year and payable within thirty (30) days thereafter) of \$2 an acre or fraction thereof, for all Unitized Acreage within a Participating Area as of the beginning of the lease year. If there is production during the lease year the deficit, if any, between the actual royalty paid and the minimum royalty prescribed herein shall be paid.

15.4 Rental or minimum royalties due on leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws, and regulations, or by the Unit Operator.

15.5 Settlement for royalty interest shall be made by Working Interest Owners responsible therefor under existing contracts, laws, and regulations, or by the Unit Operator, on or before the last day of each month for Unitized Substances produced during the preceding calendar month.

15.6 Royalty due the United States shall be computed as provided in the operating regulations and paid in value as to all Unitized Substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the royalty rate or rates specified in the respective Federal leases.

15.7 Nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental, minimum royalty, or royalty due under their leases.

#### **article xvi--operations on nonparticipating land**

16.1 Any party hereto owning or controlling the Working Interest in any Unitized Land having thereon a regular well location may, with the approval of the authorized officer and at such party's sole risk, costs, and expense, drill a well to test any formation or deposit for which a Participating Area has not been established or to test any formation or deposit for which a Participating Area has been established if such location is not within said Participating Area, unless within 30 days of receipt of notice from said party of his intention to drill the well, the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this Agreement.

16.2 If any well drilled by a Working Interest Owner other than the Unit Operator proves that the land upon which said well is situated may properly be included in a Participating Area, such Participating Area shall be established or enlarged as provided in this Agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this Agreement and the Unit Operating Agreement.

#### **article xvii--leases and contracts conformed and extended**

17.1 The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or utilization of geothermal resources on lands committed to this Agreement, are hereby expressly modified and amended only to the extent necessary to make the same conform to the provisions hereof, otherwise said leases, subleases, and contracts shall remain in full force and effect.

17.2 The parties hereto consent that the Secretary shall, by his approval hereof, modify and amend the Federal leases committed hereto and the regulations in respect thereto to the extent necessary to conform said leases and regulations to the provisions of this Agreement.

17.3 The development and/or operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of any obligations for development and operation with respect to each and every separately owned tract subject to this Agreement, regardless of whether there is any development of any particular tract of the Unit Area.

17.4 Drilling and/or producing operations performed hereunder upon any tract of Unitized Lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of Unitized Land.

17.5 Suspension of operations and/or production on all Unitized Lands pursuant to direction or consent of the Secretary or his duly authorized representative shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of Unitized Land. A suspension of operations and/or production limited to specified lands shall be applicable only to such lands.

17.6 Subject to the provisions of Article XV hereof and 17.10 of this Article, each lease, sublease, or contract relating to the exploration, drilling, development, or utilization of geothermal resources of lands other than those of the United States committed to this Agreement, is hereby extended beyond any such term so provided therein so that it shall be continued for and during the term of this Agreement.

17.7 Subject to the lease renewal and the readjustment provision of the Act, any Federal lease committed hereto may, as to the Unitized Lands, be continued for the term so provided therein, or as extended by law. This subsection shall not operate to extend any lease or portion thereof as to lands excluded from the Unit Area by the contraction thereof.

17.8 Each sublease or contract relating to the operations and development of Unitized Substances from lands of the United States committed to this Agreement shall be continued in force and effect for and during the term of the underlying lease.

17.9 Any Federal lease heretofore or hereafter committed to any such unit plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization.

17.10 In the absence of any specific lease provision to the contrary, any lease, other than a Federal lease, having only a portion of its land committed hereto shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

17.11 Upon termination of this Agreement, the leases covered hereby may be maintained and continued in force and effect in accordance with the terms, provisions, and conditions of the Act, the lease or leases, and amendments thereto.

#### **article xviii--effective date and term**

18.1 This Agreement shall become effective upon approval by the Secretary or his duly authorized representative and shall terminate five (5) years from said effective date unless,

(a) Such date of expiration is extended by the Director, or

(b) Unitized Substances are produced or utilized in commercial quantities in which event this Agreement shall continue for so long as Unitized Substances are produced or utilized in commercial quantities, or

(c) This Agreement is terminated prior to the end of said five (5) year period as heretofore provided.

18.2 This Agreement may be terminated at any time by the owners of a majority of the Working Interests, on an acreage basis, with the approval of the authorized officer. Notice of any such approval shall be given by the Unit Operator to all parties hereto.

#### **article xix--appearances**

19.1 Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, and to appeal from decisions, orders or rulings issued under the regulations of said Department, or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior or any other legally constituted authority: Provided, however, That any interested parties shall also have the right, at its own expenses, to be heard in any such proceeding.

#### **article xx--no waiver of certain rights**

20.1 Nothing contained in this Agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense pertaining to the validity or invalidity of any law of the State wherein lands subject to this Agreement are located, or of the United States, or regulations issued thereunder, in any way affecting such party or as a waiver by any such party of any right beyond his or its authority to waive.

#### **article xxi--unavoidable delay**

21.1 The obligations imposed by this Agreement requiring Unit Operator to commence or continue drilling or to produce or utilize Unitized Substances from any of the land covered by this Agreement, shall be suspended while, but only so long as, Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, Acts of God, Federal or other applicable law, Federal or other authorized governmental agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of Unit Operator, whether similar to matters herein enumerated or not.

21.2 No unit obligation which is suspended under this section shall become due less than thirty (30) days after it has been determined that the suspension is no longer applicable.

21.3 Determination of creditable "Unavoidable Delay" time shall be made by the Unit Operator subject to approval of the authorized officer.

#### **article xxii--postponement of obligations**

22.1 Notwithstanding any other provisions of this Agreement, the Director, on his own initiative or upon appropriate justification by Unit Operator, may postpone any obligation established by and under this Agreement to commence or continue drilling or to operate on or produce Unitized

Substances from lands covered by this Agreement when in his judgement, circumstances warrant such action.

#### **article xxiii--nondiscrimination**

23.1 In connection with the performance of work under this Agreement, the Operator agrees to comply with all of the provisions of section 202 (1) to (7) inclusive, of Executive Order 11246 (30 FR 12319), as amended by Executive Order 11375 (32 FR 14303), which are hereby incorporated by reference in this Agreement.

#### **article xxiv--counterparts**

24.1 This Agreement may be executed in any number of counterparts no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments in writing specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto, with the same force and effect as if all such parties had signed the same document.

#### **article xxv--subsequent joinder**

25.1 If the owner of any substantial interest in geothermal resources under a tract within the Unit Area fails or refuses to subscribe or consent to this Agreement, the owner of the Working Interest in that tract may withdraw said tract from this Agreement by written notice delivered to the authorized officer and the Unit Operator prior to the approval of this Agreement by the authorized officer.

25.2 Any geothermal resources interests in lands within the Unit Area not committed hereto prior to approval of this Agreement may thereafter be committed by the owner or owners thereof subscribing or consenting to this Agreement, and, if the interest is a Working Interest, by the owner of such interest also subscribing to the Unit Operating Agreement.

25.3 After operations are commenced hereunder, the right of subsequent joinder, as provided in this Article XXV, by a working Interest Owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. Joinder to the Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement, if more than one committed Working Interest Owner is involved, in order for the interest to be regarded as committed to this Unit Agreement.

25.4 After final approval hereof, joinder by a nonworking interest owner must be consented to in writing by the Working Interest Owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such nonworking interest. A nonworking interest may not be committed to this Agreement unless the corresponding Working Interest is committed hereto.

25.5 Except as may otherwise herein be provided, subsequent joinders to this Agreement shall be effective as of the first day of the month following the filing with the authorized officer of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this Agreement unless objection to such joinder is duly made within sixty (60) days by the authorized officer.

#### **article xxvi--covenants run with the land**

26.1 The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest.

26.2 No assignment or transfer of any Working Interest or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

#### **article xxvii--notices**

27.1 All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by postpaid registered or certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

#### **article xxviii--loss of title**

28.1 In the event title to any tract of Unitized Land shall fail and the true owner cannot be induced to join in this Agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title.

28.2 In the event of a dispute as to title as to any royalty, Working Interest, or other interests subject hereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled: Provided, That, as to Federal land or leases, no payments of funds due the United States shall be withheld, but such funds shall be deposited as directed by the authorized officer to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

#### **article xxix--taxes**

29.1 The Working Interest Owners shall render and pay for their accounts and the accounts of the owners of nonworking interests all valid taxes on or measured by the Unitized Substances in and under or that may be produced, gathered, and sold or utilized from the land subject to this Agreement after the effective date hereof.

29.2 The Working Interest Owners on each tract may charge a proper proportion of the taxes paid under 29.1 hereof to the owners of nonworking interests in said tract, and may reduce the allocated share of each royalty owner for taxes so paid. No taxes shall be charged to the United States or the

State of ----- or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

### **article xxx--relation of parties**

30.1 It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this Agreement contained, expressed, or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

### **article xxxi--special federal lease stipulations and/or conditions**

31.1 Nothing in this Agreement shall modify special lease stipulations and/or conditions applicable to lands of the United States. No modification of the conditions necessary to protect the lands or functions of lands under the jurisdiction of any Federal agency is authorized except with prior consent in writing whereby the authorizing official specifies the modification permitted.

In witness whereof, the parties hereto have caused this Agreement to be executed and have set opposite their respective names the date of execution.

Unit operator (as unit operator and as working interest owner) \_\_\_\_\_

Witnesses:

Witnesses: By \_\_\_\_\_

Working Interest Owners:

Witnesses: By \_\_\_\_\_

Other Interest Owners:

By \_\_\_\_\_

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, 44793, Sept. 30, 1983]

### **Sec. 3286.1-1 Model Exhibit "A"**

**See Exhibit "A" in CFR at 43CFR 3286.1-1.**

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, 44794, Sept. 30, 1983]

### **Sec. 3286.1-2 Model Exhibit "B"**

**See Exhibit "B" in CFR at 43CFR 3286.1-2.**

### **Sec. 3286.2 Model Unit Bond**

Collective Corporate Surety

Know all men by these presents, That we, ----- (Name of Unit Operator) signing as Principal, for and on behalf of the record owners of unitized substances now or hereafter covered by the unit agreement for this ----- (Name of Unit) approved -----, (Date) -----, (Name and address of Surety) as Surety are jointly and severally held and firmly bound unto the United States of America in the sum of ----- (Amount of bond) Dollars, lawful money of the United States, for the use and benefit of and to be paid to the United States and any entryman or patentee of any portion of the unitized land, heretofore entered or patented with the reservation of the geothermal resources

deposits to the United States, for which payment well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, and assigns by these presents. The condition of the foregoing obligation is such that, whereas the Secretary on ----- (Date) approved under the provisions of the Geothermal Steam Act of 1970, a unit agreement for the development and operation of the ----- (Name of Unit and State); and

Whereas said Principal and record owners of unitized substances, pursuant to said unit agreement, have entered into certain covenants and agreements as set forth therein, under which operations are to be conducted; and

Whereas said Principal as Unit Operator has assumed the duties and obligations of the respective owners of unitized substances as defined in said unit agreement; and

Whereas said Principal and surety agree to remain bound in the full amount of the bond for failure to comply with the terms of the unit agreement, and the payment of rentals, minimum royalties, and royalties due under the Federal leases committed to said unit agreement; and

Whereas the Surety hereby waives any right of notice of and agrees that this bond may remain in force and effect notwithstanding:

(a) Any additions to or change in the ownership of the unitized substances herein described.

(b) Any suspension of the drilling or producing requirements or waiver, suspension or reduction of rental or minimum royalty payments or reduction of royalties pursuant to applicable laws or regulations thereunder; and

Whereas said Principal and Surety agree to the payment of compensatory royalty under the regulations of the Interior Department in lieu of drilling necessary offset wells in the event of drainage; and

Whereas nothing herein contained shall preclude the United States from requiring an additional bond at any time when deemed necessary:

Now, therefore, if the said Principal shall faithfully comply with all of the provisions of the above-identified unit agreement and with the terms of the leases committed thereto, then the above obligation is to be of no effect; otherwise to remain in full force and virtue.

Signed, sealed, and delivered this -----day of -----, 19----, in the presence of:

Witnesses:

(Principal)

(Surety)

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, 44794, Sept. 30, 1983]

### **Sec. 3286.3 Model designated successor operator**

Designation of successor Unit Operator -----, Unit Area, County of -----, State of -----, No. -----.

This indenture, dated as of the ----- day of -----, 19----, by and between -----, hereinafter designated as "First Party," and the owners of unitized working interest, hereinafter designated as "Second Parties."

Witnesseth: Whereas under the provisions of the Geothermal Steam Act of December 24, 1970, 84 Stat. 1566, the Secretary on the ----- day of -----, 19----, approved a unit agreement for the -----Unit Area, wherein ----- is designated as Unit Operator; and

Whereas said ----- has resigned as such Operator, \1\ and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and  
\1\ Where the designation of a successor Unit Operator is required for any reason other than resignation, such reason shall be substituted for the one stated.

Whereas First Party has been and hereby is designated by Second Parties as a Unit Operator, and said First Party desires to assume all the rights, duties, and obligations of Unit Operator under the said unit agreement.

Now, therefore, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the ----- unit agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the authorized officer, of the Minerals Management Service, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges and Unit Operator, pursuant to the terms and conditions of said unit agreement; said unit agreement being hereby incorporated herein by references and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

(First Party) (Witnesses)

(Second Party)

(Witnesses)

I hereby approve the foregoing indenture designating ----- as Unit Operator under the unit agreement for the -----Unit Area, this ----- day of -----, 19----.

Authorized Officer, Bureau of Land Management.

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, 44794, Sept. 30, 1983]

#### **Sec. 3286.4 Model change of operator by assignment**

Change in Unit Operator ----- unit Area, County of -----, State of -----, No. -----.

This indenture, dated as of the ----- day of -----, 19----, by and between ----- hereinafter designated as "First Party," and -----, hereinafter designated as "Second Party."

Witnesseth: Whereas under the provisions of the Geothermal Steam Act of December 24, 1970, 84 Stat. 1566, the Secretary on the ----- day of -----, 19----, approved a unit agreement for the -----Unit Area, wherein the First Party is designated as Unit Operator; and

Whereas the First Party desires to transfer, assign, release, and quitclaim, and the Second Party desires to assume all the rights, duties, and obligations of Unit Operator under the unit agreement; and

Whereas for sufficient and valuable consideration, the receipt whereof is hereby acknowledged, the First Party has transferred, conveyed and assigned all his/its rights under certain operating agreements involving lands within the area set forth in said unit agreement unto the Second Party:

Now, therefore, in consideration of the premises hereinbefore set forth, the First Party does hereby transfer, assign, release, and quitclaim unto Second Party all of First Party's rights, duties and obligations as Unit Operator under said unit agreement; and

Second Party hereby accept this assignment and hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of said unit agreement to the full extent set forth in this assignment, effective upon approval of this indenture by the authorized officer of the Minerals Management Service; said unit agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

(First Party)

(First Party)

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(Witnesses)

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(Second Party)

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(Witnesses)

I hereby approve the foregoing indenture designated ----- as Unit Operator under the unit agreement for the

----- Unit Area, this ----- day of -----, 19----.

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Authorized Officer, Bureau of Land Management.

[38 FR 35073, Dec. 21, 1973. Redesignated and amended at 48 FR 44792, 44794, Sept. 30, 1983]

**END of Text of 43 CFR Group 3200 Regulations**